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# West Europe Report

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## MINISTRY REPORT: NORTH SEA OIL RESERVES OVERESTIMATED

Copenhagen BERLINGSKE TIDENDE in Danish 29 Jun 83 p 1

[Article by dyr: "Oil Figures in the North Sea Were Too High"]

[Text] The North Sea oil reserves have been estimated to be 25 percent too high. This comes forth in a new report from the Ministry of Energy based on the latest experiences from oil extractions in the North Sea. At the same time, although gas production has not yet begun, the Ministry of Energy has estimated the producible gas quantities as being almost 28 percent.

The new updated report from the Energy Agency is obviously more careful in its total estimation of the potential in the Danish part of the North Sea than was the case, for example, in Energiplan 81, which the minister of energy at that time, Poul Nilsson, fathered. The interest in the report concentrates on the so-called "proven reserves" which are pointed out with great certainty. The Energy Agency's new report shows that the producible quantities in the Dan field have in 2 years been reduced from 20.6 million cubic meters to 11.5 million cubic meters--3.3 of which are already extracted. Other extraction methods can, however, again increase the producible quantities.

In the large Danish oil field Gorm, definite oil quantities have been reduced from 27.1 to 17.6 million cubic meters, of which 2.2 million cubic meters have already been brought ashore. With regard to both Dan and Gorm, the new lower figures are close to the application figures which A.P. Moller submitted before the start of the production.

The Skjold field, which has proven to be a positive surprise with increased production since the start of production last year, also received lowered figures, or from 6.2 to 4.6 million cubic meters--ostensibly because the figures for 1981 were set at too optimistic a level.

On the other hand, the Energy Agency has reevaluated its estimate of the "potential fields." In any case, the estimate now is that there are only 57 million cubic meters of oil and natural gas condensate--a thicker oil compound--compared with 75.2 million cubic meters only 2 years ago.

On the gas front the opposite reevaluation of the existence of gas has occurred. According to the report, this is caused partly because of the production drilling in the Thyre field and partly because of extra reconnaissance drilling in the Roar field, which is expected to be developed around 1990. Here the estimate has increased from 6.3 to 25.6 billion cubic meters of gas.

## GOVERNMENT ANNOUNCES START OF ONSHORE OIL SEARCH

Copenhagen BERLINGSKE TIDENDE in Danish 8 Jul 83 p 5

[Article by Dan Axel: "Ready for Onshore Oil Search"]

[Text] The search for oil and gas in the Danish subsoil begins today. In an announcement in STATSTIDENDE [The Danish Official Gazette]--and notices in foreign newspapers--Minister of Energy Knud Enggaard invited Danish and international companies to make bids on approximately 74,000 square kilometers of Danish subsoil, divided into 500 blocks of about 212 square kilometers each.

The expiration date for applications in this first round of bids is 10 October. After that, the applications will be negotiated with the applicant--most often consortiums consisting of many companies--and it is expected that the first permits will be issued in the beginning of 1984.

Knud Enggaard: "The consortiums can bid on all free blocks in the subsoil. By design we have not decided in advance which sites we prefer to have explored, but it is in our interest of course that as much searching as possible be initiated. But we will be very happy if we can issue 8 to 10 permits in this round."

## Terms

Certain terms for the applicants are set forth in the application forms. Among other things, they must be able to present a work program for the site they are applying for. That means that the state will ensure that a thorough search will be undertaken on all the sites where permits will be granted for drilling. "But we also want to emphasize that the applicants show interest in drawing Danish businesses into the work--such as subcontractors and transport services. We will also look at the applicants' willingness to transfer 'know-how' to DONG [Danish Oil and Natural Gas] or its daughter company," says Minister of Energy Knud Enggaard.

The greatest interest in the free blocks is expected to lie in the southwestern part of the North Sea--the so-called Central Trenching Site where promising drillings have been demonstrated. But the minister of energy does not want to allow drilling there unless the applicants at the same time show interest in other sites.

The state corporation DONG will enter the consortium with at least 20 percent participation--without paying during the search phase. "But I do not believe that this state participation will work as a general break on the applicants' interest," says Knud Enggaard. "A few international companies which are not used to such procedures will perhaps be skeptical but in general it is so common today that I do not think that it will have any effect."

#### Sliding Scale

If oil is found, the state's share in the consortium can increase, so that the state is guaranteed "its necessary interests." In this the minister of energy does not try to hide the fact that in allotting drilling permits, he will look at how large the shares are that the consortiums have decided to cede to the Danish state when the oil or gas starts to flow.

It is the so-called sliding scale that enters the picture. The ministry has divided the expected daily top production in barrels of oil on a scale from 0 to 25,000; 25,000 to 35,000; 35,000 to 50,000; 50,000 to 100,000 and over 100,000 barrels, so that for each level, the consortiums will be able to put down a percentage for how large a state participation they are willing to accept. But it stands firm that the larger the production becomes, the greater the state participation will be.

The ministry will also take a negative view if some consortiums "sit back" and do not make a bid in the first round in order to wait for other attractive blocks which will be offered later when A.P. Moller cedes 25 percent more of the subsoil to the Danish state on 1 January 1984.

"It is important to be on board from the beginning in order to be in a better position when the second round starts," says Knud Enggaard, who otherwise does not try to hide the fact that there is a great element of support for Danish businesses in the terms. "But we also see that in other countries, so there is nothing wrong with that."

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CSO: 3613/144

## ENERGY AGENCY OFFICIAL COMMENTS ON OIL RESERVES REPORT

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jul 83 p 9

[Article by Jacob Holmblad, deputy director of the Energy Agency: "Energy Reserves"]

[Text] On 29 June 1983, BERLINGSKE TIDENDE published a front-page article under the headline: "Oil Figures in the North Sea Are Too High." The article gives me the occasion to make the following comments:

The Energy Agency's just published estimate of Danish oil and natural gas reserves shows that the total reserves are estimated to be higher than the estimate in Energiplan 81. In light of the greatly increasing search and production activities, the Energy Agency will in the future undertake an annual updating of the oil and gas reserves.

When making these surveys of the reserves, the reserves will be divided into three categories which reflect the certainty with which onshore reserves are decided. The sum of the three categories--the definite, the probable and the possible reserves--will constitute the total reserves.

On the basis of the Energy Agency's outlined reserve terms, A.P. Moller, along with future companies, will also submit their annual estimate of the oil and gas reserves to the Energy Agency, which will be entered into the agency's estimate.

By the annual survey, the reserves categories will be adjusted in light of new information that is currently being provided from search and production activities. It is therefore possible that last year's considerable expansion of activities in the North Sea has provided an occasion to reclassify and adjust the reserve estimate which was made public in 1981.

In the article, BERLINGSKE TIDENDE concentrates exclusively on the drop in the proven areas. As was mentioned, the Energy Agency's report also shows that the total reserves within the Danish territory today is estimated to be higher than in 1981.

With respect to the proven reserves, I want to state that there is agreement between A.P. Moller and the Energy Agency about the lowered estimate of the proven reserves, such as in the Gorm field.

The Energy Agency's estimate of the Danish oil and natural gas resources is exclusively based on purely technical information.



## COUNTRY'S SHIPBUILDERS DO WELL AGAINST FOREIGN COMPETITION

Copenhagen BERLINGSKE TIDENDE in Danish 8 Jul 83 Sect III p 1

[Article by Susanne Tholstrup: "Danish Shipyards Manage despite Uneven Competition"]

[Text] The Shipbuilding Union views the future with optimism and under no circumstances does it want state support. The Danish shipyards are increasing their competitive capability from year to year even though other countries grant large sums to their shipbuilding industries.

"There is still an acute crisis in the Danish shipyards and it continues to look like closings and mass firings might hit thousands of shipyard workers. Nonetheless, the Danish shipbuilding industry finds itself in solid first place when it comes to pulling through in an international crisis. The shipbuilding industry has good reason to be proud and optimistic," says Kai Engel-Jensen, director of the Shipbuilding Union.

In 1970, when the big boom started in the shipbuilding industry, Denmark ranked number 10 worldwide among shipbuilding nations. In 1982, Denmark was registered as the fourth largest nation within the shipbuilding industry. During the same period, the Swedish shipyards have moved from a superb second place, and were only surpassed by the Japanese, to a modest 10th place.

## Building Activities

In the Danish shipyards, the activities measured in completed registered gross tons a year have dropped by a fourth from 1970 to 1982. Japanese shipyards have encountered the same decline, even though the Japanese state has supported the industry. Only one-fifth of the Swedish shipbuilding industry remains in relation to what it was in 1970. During the same period, the activities in Dutch and French shipyards have dropped by two-thirds, and the German activities have been cut by more than a half.

The figures come forth in the LLOYD'S REGISTER and will be still higher when the level of activities today is compared with the mid-seventies, when the shipbuilding was at its peak.

What is almost unique in the world is that the Danish state has not granted support to the shipyards but exclusively supported them by making export credits available.



"The crisis has started a restructuring of the shipbuilding industry here at home. All shipyards can no longer participate in the competition for new construction and they become fewer in number but larger. Orders for new ships are therefore concentrated on the shipyards that build the best and are the most rational and most effective, while other shipyards must concentrate on repair, production of construction for the offshore industry or other activities," says Kai Engel-Jensen.

#### New Structure

This restructuring can hardly take place without losing 2,000 more jobs, but viewed in relation to England, for example, where no shipyard worker has any work, we do not have reason to complain, thinks Engel-Jensen.

#### Good News for Contractors

The way the industry looks at the moment, it is, according to Engel-Jensen, an indication that the drop in employment in the shipyards to a certain extent corresponds to an increase in employment among subcontractors.

"In 1982 the shipyards had a turnover of 6.1 billion kroner, compared with 4.9 billion kroner the year before, and there is no reason to believe that the value of production will fall back in the coming years. A drop in subcontracting to the shipyards is therefore not in sight either. There are on the contrary good possibilities for increasing the Danish subcontracting to the shipyards, as the application of breaks in price and wage development gives Danish businesses more capability to compete," explains Engel-Jensen.

"Under no circumstances do we want state support to help us through this crisis. We obviously manage better without it as indications from abroad show. The shipyards and their fellow businesses have themselves had to take responsibility for being able to compete and it has in fact resulted in the shipyards continuing to receive orders despite the unequal competition they meet in the global market," emphasizes Kai Engel-Jensen.

#### No Thank You to State Support

The Shipbuilding Union pointed out this position most recently to the government 1 month ago when the bids on the two DSB [Danish State Railways] ferries were to be submitted. The union wanted to "clear the air" before potentially well-meaning politicians could prevent the shipyard with the greatest ability to compete from receiving the order--irrespective of what regrettable misfortune it would bring to other shipyards.

#### 100,000 Swedish Kroner to Each Shipyard Worker

Since 1976, the shipyards in Sweden have received 16.2 billion kroner in state support and in the spring, the Swedish government presented a new bill for support of 6.1 billion kroner for the coming 3 years. Since 1976, the support is therefore on the average slightly over 100,000 Swedish kroner a year to each of the 21,000 persons employed within the industry. To this is added extensive support for financing.

"Even though the Swedish society's expenses for the shipbuilding industry exceed 20 billion Swedish kroner this year, the industry is in economic ruin. The Norwegian shipbuilding industry is well on its way to a similar development, although the support has been less. German, English, Italian and Dutch shipyards have received enormous sums in state support.

"But none of these shipyards have gained a greater ability to compete because of that.

"On the other hand, the capable and industrious Finnish people have been capable of increasing the ability of Finnish shipyards to compete for special ships as, for example, cruise ships, icebreakers and offshore construction without any state support worth mentioning." says Kai Engel-Jensen.

The 8 members of the Shipbuilding Union invested 180 million kroner in 1982 and this year investments of the same extent are planned.

The export value increased last year by 22 percent, even though activity and employment in the shipyards dropped again.

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## ELECTRICITE DE FRANCE SEEKS EXPANSION IN ENERGY MARKET

## Nuclear Sources Evaluated

Paris LE NOUVEL ECONOMISTE in French 20 Jun 83 pp 44-47, 49

[Article by Jean-Michel Caroit: "An All-Electric France"]

[Text] To irrigate the industry with kilowatts that are French... and overabundant: this is how EDF [French Electric Power Company] plans to change a mistake in forecasting into a winning move for itself and for France.

Too much electric power? As we reach the 10th anniversary of the "energy crisis, the game is becoming disconcerting. France now suffers from overabundance. And EDF is in a state of disarray. Walking a tightrope between billions of excess kilowatts and billions in debts. A mammoth enterprise which has lost its imperial power, caught between the balance of payments, the price index and the nuclear program, exposed to demands from gas producers and miners, watched by financiers.

Accustomed to meet a steadily growing demand since the war, prime contractor for the nuclear program--the most daring industrial venture of present-day France--EDF must now learn to sell. After winning the battle of home heating--although it is prohibited from advertising and must compete with gas--the national company is now ready to tackle the industry. It is now planning to supply factories and workshops with all-French kilowatts. Should the authorities accept this suggestion without reservation, the production processes would be drastically changed. A champion of nuclear energy, France could then get a one-length lead in the conversion of its industry to electric power.

But such a decision can only throw back into question the delicate balance that exists between the various forms of energy. EDF is therefore plunging again at the heart of the energy debate. A debate that is being revived, as the decisions made in the fall of 1981 rested on overly optimistic growth expectations. Indeed, the Hugon report was contemplating an annual growth of the gross domestic product of up to 5 percent. But stagnation has become a recession and energy consumption has shrunk. It dropped in 1982 and is expected to increase only moderately until 1990. The decisions made late in 1981 were planning for the future and stressed energy savings without providing for any appreciable change in major balances.

### Key 1982 Figures

25 million customers on the French territory (metropolitan France and overseas departments)  
121,800 agents  
0.5 percent of the active population  
1.8 percent of the gross domestic product  
5 percent of the country's investments  
87.9 billion francs in sales, exclusive of taxes  
39 billion francs in investments (i.e. 44 percent of sales)  
7.9 billion francs in deficit  
20.9 billion francs in taxes collected or paid to the state and local communities.

### Nuclear Power Less Expensive

Production Cost of One Thermal kWh in a Power-Plant Placed Into Service in 1992 (in centimes per kWh on 1 January 1982)

<u>Source of Energy</u>	<u>Hours of Consumption</u>	
	<u>8,760</u>	<u>2,000</u>
Nuclear	19.1-19.3	60.7-61.1
Coal	33.5	68.1
Fuel oil	68.9	100.1

Today, a choice is urgent. Because too much energy will be produced by the end of the decade. And because the nuclear industry cannot wait much longer. The arbitration of the authorities on energy-related options will be fraught with consequence, and the risks involved--for instance the evolution in oil prices--are great.

For several years, EDF's growth expectations, and therefore its nuclear program investments, have been mistaken. Considering the time it takes to build a nuclear power plant--six to seven years--and based on present consumption trends, EDF will have an overcapacity in excess of 50 billion kWh by 1990. Consumption then should range from 325 to 350 billion kWh (depending on the growth rate), whereas all power plants together will have a production capacity of 410 to 420 billion kWh. As good chess players, EDF managers would like to change this mistake in forecasting into a winning move. For EDF and for France.

Two thirds of these billions of kilowatts will be produced by nuclear power plants, the rest from domestic coal. Already, 80 percent of the electric power production comes from "French" primary energy sources (water, coal, nuclear plants as the imported fuel accounts for a very low percentage). The company is proud to have strongly reduced its consumption of imported oil products since the first oil crisis. From 15 million tons in 1973, the consumption of power plants dropped to 4 million tons, and it is expected that they will practically stop using fuel oil within the next two years. As Mr Marcel Boiteux, EDF chief executive officer,

keeps saying: "Let's use this tricolor energy--whose costs can be forecast and controlled--instead of imported fossil fuels that we must buy with dollars." The experts confirm that, based on present prices, using these 50 billion kWh would make it possible to save 11 billion francs' worth of foreign currencies by 1990. That is over 10 percent of the French 1982 trade balance deficit. A weighty argument when restoring the balance of foreign payments is receiving top priority. But it would lead to agonizing revisions for producers of other energy sources, such as coal and gas. EDF, the major black-coal consumer, has chosen to produce nuclear kilowatts. When the Cordenais 4 and 5 and the Gardanne coal units are placed into service, France's production capacity will be "sufficient for the near future," Mr Remy Carle, EDF equipment director, recently pointed out. EDF, which consumed 16.8 million tons of coal last year (64 percent imported, 21 percent domestic, the rest being taken from its stockpile), is more concerned with shutting down older power plant than with starting the construction of new ones. In addition, the priority given to French kilowatts implies a lesser slowdown in the nuclear program, to prevent the formation of a bottleneck when recovery materializes.

EDF would like most of the available kilowatts (at least 30 billion) to benefit the industry in order to increase the latter's competitiveness. Already, from 1973 to 1981, the share of electric power in the energy consumption of the industrial sector increased from 32 to 38 percent. But this growth was slower than in the tertiary and residential sector.

A Runner. To carry out its planned penetration of the industry, EDF needs an unequivocal green light from the Administration. "Now is the time to loosen the brakes that have hindered sales until now," Mr Boiteux explained, who is fond of comparing his company to a runner whose legs would have been tied. For, in this game of three, EDF has stumbled on several obstacles placed on its way by the Administration.

First, with respect to tariffs, a domain where clarity, competitiveness and predictability are essential. Before choosing electric power, a manufacturer wants to know how prices will evolve. In the past, tariffs for low-voltage electricity (for domestic uses), which represent an important component in the price index, have increased slower than prices for high and medium-voltage power. In agreement with the authorities, EDF wishes to reverse this trend so the "nuclear power reserve" will benefit above all the production apparatus. An agreement in principle with the Administration has been reached, but squabbles arose as to its implementation. EDF had to wait three years (until December 1982) before it could get the official authorizations to implement its new industrial tariffs. "And we don't even have all the authorizations yet," an official remarked. Under the new tariff (see LE NOUVEL ECONOMISTE dated 20 December 1982), prices will vary depending on the season and the time of day (peak or off-peak hours). But one of its main provisions, the "peak-day removal" has not yet been fully authorized. Under this option, an electric power consumer could agree to remove himself from the electric supply network during a certain number of hours in winter, and would benefit from an overall more favorable tariff as a counterpart. EDF attaches considerable importance to this provision, as it encourages "dual-energy" solutions. The manufacturer would keep his former installation, and use it only during peak hours. The investment required is less than



for conversion to "all electric" operation, and the "[investment] return time" shorter. It represents a first step toward the use of electric power even when its thermal performance is theoretically inferior to that of fossil fuels.

Another point of disagreement is the assessment of electric power performance. Although EDF and its administrative supervisor on the Rue de Grenelle appear to agree on objectives, one is thinking in terms of dollars, the other in terms of thermal units.

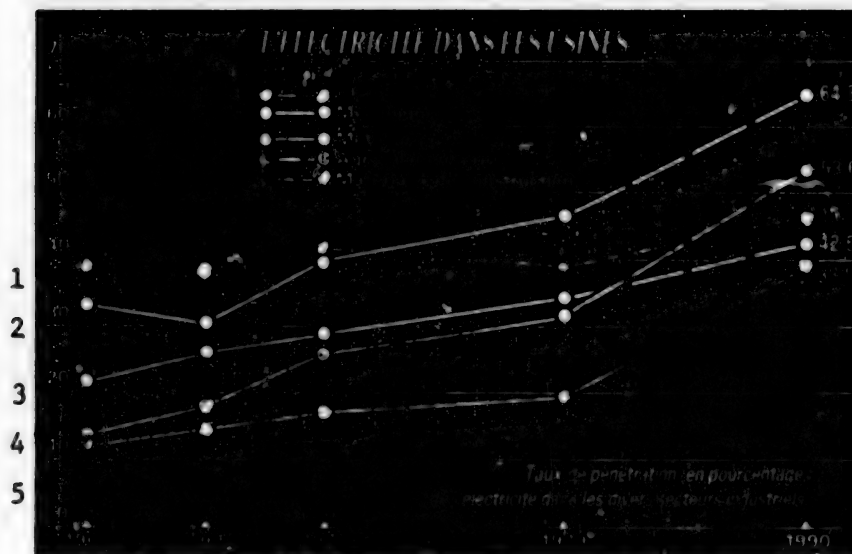
According to Mr Jean Syrota, general director of energy and raw materials, the use of electric power to produce steam--and for domestic heating--is wasteful and should not be encouraged. The steam market should be reserved to coal and gas. Indeed, choosing electricity amounts to a gamble that fossil fuels will be more expensive in the long run. EDF will not be able to absorb the quantities of coal that the French Coal Mines wish to sell to it. Natural gas is also threatened. The supply agreements already signed involve minimum amounts of 30 million tons of oil equivalent (Mtoe) for 1987-1988, and we fail to see who will buy them if the industry is massively converted to electric power. In addition, the energy savings policy, a definite priority in spite of the costly investments it will require, will increasingly appear as a means of increasing the imbalance between supply and demand.

Finally, one--and not the least--of the issues in the current debate has to do with the allocation of the nation's--limited--resources. While it is true that, when it comes to energy, overcapacity is better than undercapacity, continuing the nuclear equipment program will drain considerable amounts of capital that are cruelly lacking in other sectors of the French economy.

Mr Boiteux will object that "we are not going to sell off electric power, which is temporarily overabundant, for applications that would be intrinsically unprofitable." When overcapacity has disappeared, and should tariffs be revised to reflect the cost of the nuclear program, the manufacturers now attracted by dumping prices could find themselves trapped. This is also Mr Syrota's concern when he wishes that EDF would spend more on developing "rational use" of electric power. But EDF is complaining that, on the field, it is forced to practice a "veritable trench warfare" by the Administration's niggings and its constant distrust of electric power. Its regional directors are discouraged by the Inter-departmental Industry Directorates (DII) which keep questioning the validity of electric installations. Torn between coal and electricity, company managers often give up and end up retaining their fuel-oil installations. The legal prohibition on advertising for electricity does not make EDF's task any easier. "It is quite paradoxical," the EDF general management complained, "to see foreign car manufacturers saturate the airwaves with advertising messages while we, who know how to save foreign currency, are prohibited from advertising."

To the Rescue. After foreign currencies, EDF is calling the industrial policy and employment to the rescue. The beneficial effects that a stronger penetration of electric power could have on foreign trade could be partially offset if the equipment required to use electricity, and which varies with the production process (mainly resistance or induction furnaces, etc.), had to be imported. On the other hand, if this branch is taken over by French firms, it could generate considerable





### Electricity in Plants

**Key:**

1. Chemicals
2. Mechanics
3. Metallurgical
4. Agrifood
5. Building materials
6. Rate of penetration of electric power in the various industrial sectors (percent)

sales, including export sales. The market is estimated at some 30 billion francs over the next 10 years. But until now the French industry has failed to act--especially in the field of home equipment--and British, Belgian and Dutch manufacturers have taken advantage of the situation. The Ministry of Industry is pushing EDF to encourage the creation of a French pole in this sector. "For its part, CNFP [National Council of French Employers] would like to see a stronger penetration of electric power in the industry and is ready to mobilize its members to take up the challenge," Mr Claude-Alain Sarre, delegate of the employers' organization to the Plan, stated. Whereas equipment working on electric power does exist in some sectors, in other sectors it remains to be invented or perfected. The decision to use electric power often involves major changes in manufacturing processes and a replanning of the plant. Innovation and demonstration are at the heart of the new EDF marketing policy.

But how much does energy weigh in industrial cost? It often represents less than 5 percent of costs... The most dynamic sectors are those that more massively convert to electric power. The agrifood sector, which works a lot during the summer --at harvest time--when electric power is cheap, has been readily convinced of the advantages offered by electric processes for water elimination, one of the most common and energy-intensive operations in this sector.

Mr Jacques Grellier, manager of the Saint-Michel biscuit factory near Nantes is one of those who are glad to have made such a choice. He is planning to continue the conversion of his furnaces, 60 percent of which are still working on gas.

Progress has also been made in the electrification of mechanical and electrical industries, thanks to induction and resistance heating. In the building and public works sector, penetration is slower. But an increasing number of enterprises are interested in electrothermal equipment to set and harden concrete and plaster. Applications are marking time in the steelmaking and metallurgical industries. Yet, in the age of robotics, foundry and forge owners are rediscovering the virtues of the electric furnace. In spite of Carnot's principle on heat loss in thermal machines, and thanks to a reduced kilowatt price and improved control over material costs. The regulation precision of electric processes makes it possible to save precious raw materials. Heat losses in fuel-operated aluminum melting furnaces represent the energy cost of one melting. With an electric furnace, these losses are reduced by half. The chemical industry, where energy accounts for 10 percent of all costs, represents another considerable expansion sector.

An Asset. Less costly to use, cleaner and providing a more regular supply, electricity has one non-negligible asset: the "return time" on investment. If it exceeds two years, it is very hard to win a decision from the company head, especially if the company is a small or medium-size enterprise. This is why EDF is increasingly interested in financial packages for electric power investments.

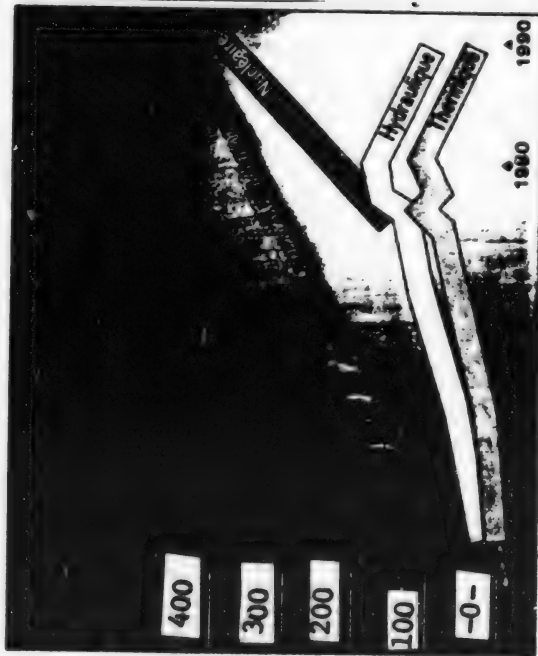
Although marketing is becoming the major concern of EDF, its sales force does not appear to measure up to its ambition. EDF does not have a sales department. The Marketing Activity Study and Promotion Department (SEPAC), which is supervised by the general management, provides coordination in this respect. Only

600 agents and 400 million francs are devoted to industrial sales promotion. But the latter has peculiar characteristics. Sales have to be "customized" and EDF is primarily relying on its field operations, working in direct contact with enterprises.

To deal with its future excess production, EDF is also going to push its exports of power to neighboring countries. From 2 billion kWh in 1982, they could increase to 12 billion in 1987 and 27 between 1992 and 1997. These sales will depend on the growth rate and equipment programs of our neighbors. But, as Mr Boiteux pointed out, "we should be aware of the limitations of such a policy. The nuclear program development is giving the French industry a chance to become competitive. Exporting our electricity at domestic prices would amount to spreading this advantage among our competitors." Without falling into an autarkic policy, EDF prefers encouraging foreign companies wishing to buy French electricity to settle on French territory.

A corollary to the improved use of "electronuclear resources" is the continuation of the equipment program, the EDF management assures. Otherwise, EDF might be unable to meet requirements in the 1990's. For industrial, technological and social reasons, it is also unthinkable that the construction of power plants should be suddenly stopped. "We wish to even out orders over the next few years," Mr Boiteux indicated, so as to preserve our tool--FRAMATOME [Franco-American Atomic Construction Company]--its subcontractors and all others involved in the nuclear industry." In the past 10 years, the nuclear industry, which employs directly 150,000 people (250,000 if we add civil engineering), has become one of the prime movers of French economic activity. It is an advanced technology tool which foreign countries envy us. According to Mr Jean-Claude Levy, the company's general manager, a rate of two reactors per year would be acceptable for a brief period, from 3 to 5 years, provided EDF should accept to pay 20 percent more for each unit. FRAMATOME is also involved in the construction of power plants in South Africa, Belgium and Korea. It has one project in China, but new orders are slow in coming. For its part, Alsthom-Atlantique is threatening to lay off 3,500 people if the program is reduced to 2 units per year. However, FRAMATOME is hoping to obtain from EDF a larger share of power-plant maintenance operations. The slowdown in activity will be felt still more strongly by the subcontractors, and they are diversifying their operations, taking advantage of the reputation for quality they have earned by working on nuclear power plants. For instance, the Bouvier workshops (200 people, 100 million in sales, 80 percent of which in the nuclear sector) are planning to resume their activity in hydraulics and industrial valves and to get involved in robotics.

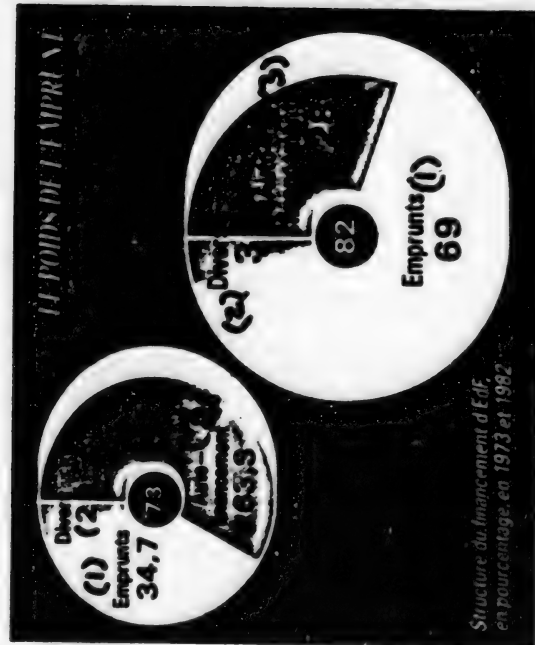
The program slowdown has enabled EDF to reduce its investments and shift some of its expenditures to network equipment. But dissenters are now more successful in opposing the installation of power lines than the construction of power plants. "This is now one of the most serious technical problems of EDF," Mr Emmanuel Hau, advisor to the general management, explained. He admits that pylons are aesthetically unpleasant, but they play an essential part in providing network balance. Without them, it would be impossible to provide at all times electricity at the lowest possible cost to all of the French territory. EDF is contemplating laying a larger number of medium-voltage lines.



#### Nuclear Power Progress

Breakdown of electric-power production in TWh, by origin: thermal, hydraulic, nuclear.

Key: 1. Thermal  
2. Hydraulic  
3. Nuclear



#### The Loan Burden

Structure of EDF financing, in percent, in 1973 and in 1982.

Key: 1. Loans  
2. Miscellaneous  
3. Self-financing

But this is expensive. Although they are protected from ruptures resulting from the accumulation of sticky snow, buried lines are vulnerable to inundation. Last year, the availability of nuclear equipment was another cause for concern at EDF. Following a series of incidents, all power plants had to be shut down in succession, and the rate of availability dropped to 58 percent in 1982. EDF says its rate of availability is now very good again. But aesthetic considerations and technical imperatives are of minimal importance compared with financial questions. A detailed examination of EDF management records by a mission from the Financial Inspectorate revealed no major mistakes, excepts with respect to indebtedness (see article below). Its financial difficulties should now encourage it to exert greater rigor. With its captive market, which has a relatively low flexibility in absorbing tariff variations, and its considerable investments (39 billion francs, including 12.4 for civil engineering), EDF is not just another company. (see article below). Will it take advantage of the present crisis to strengthen its industrial and sales competence, as the Elysee Palace would like it to do? The sluggishness that prevails in the company and the disarray that can be seen in many of its cadres do not make such a mutation easy. And the hostility of some in the Administration is not going to vanish overnight. But an area of agreement could be found: greater management autonomy and a less niggling supervision on one side, increased rigor and personnel redeployment taking the new objectives into account on the other side. The success of the electricity challenge will be possible only if the EDF company faces the facts of competition.

#### Domestic, Foreign Financing Figures

Paris LE NOUVEL ECONOMISTE in French 20 Jun 83 p 48

[Article: "A Bottomless Pit"]

[Text] Figures that make you dizzy: an 8 billion franc deficit last year, 152 billion francs in debts by the end of 1982. The 1982 accounting period did not follow the forecasts of the company whose preliminary budget provided that accounts would be balanced. Under the Delors plan, EDF has already reduced its expenditures by 1 billion francs, half of which were cut from operating costs. But the cumulated deficit--17 billion on 31 December 1982--should still increase by 6 billion this year. How could EDF come back to a balanced situation? Certainly, the poor record of nuclear power plants--which was made up for by very good conditions at water power plants--weighed heavily on 1982 results. But EDF has suffered far more from the decline of the franc with respect to the dollar and from continued high interest rates. An average 10 percent variation in the rate of exchange of the U.S. currency will bring about a decrease or an increase of some 2 billion francs per year in fuel costs and financial expenditures. The EDF management is blaming its financial difficulties mainly on the inadequacy of its tariffs and the index policy that caused the authorities to delay electric power price increases. Instead of an 8 billion deficit in 1982, EDF would have made a 16 billion profit if its tariffs were aligned on the European average. The slowing down of electric power consumption in the past two or three years as a result of recession also weighed heavily on the operating statement.

Another factor in EDF's difficulties, and a more controversial one, is its loss of control over nuclear power costs. The promise that nuclear power would lead



to a decrease in electricity prices has not been kept yet. Worse, cost variations of 10 percent or so between 900-MW and 1,300-MW reactors have been observed, although the new units were supposed to reduce kWh prices by 5-7 percent. According to a recent report from the Commission on Competition, this slip was due to "the fact that there is no longer any competition in the field of major nuclear power-plant equipment."

EDF protests that it was not "racketeered" by its two major suppliers, FRAMATOME and Alsthom-Atlantique, subsidiaries of Creusot-Loire and CGE [General Electric Co.] respectively. But it cannot deny that the procedure of "advance payments against work to be done" is to the advantage of its suppliers. The EDF management also maintains that security requirements resulted in many additional costs. Finally, the company feels that it must implement an industrial policy and not "manage a wild competition." Yet, encouraging competition, including international competition, among suppliers could only clarify the situation. Far more than its recent deficits, the debts of EDF are a cause for concern. Even if the debt-to-sales ratio is relatively more favorable than in 1973, financial expenses have increased from 15.6 percent of sales in 1972 to 23.3 percent last year.

The largest borrower in the country--he must find 35 billion francs this year--Mr Paul Questiaux, EDF financial manager, recognizes that borrowing has been proportionately too heavy. At a time when its cash flow is stagnating and capital contributions from the state have stopped, EDF had to increase its debt by 100 billion francs in 3 years. The resulting interest expenditures already account for over 20 percent of the average kWh cost, and the amounts to be repaid are reaching threatening levels. All the more so as 40 percent of the debt (60 billion francs) is in foreign currencies, and 60 percent of that in dollars. In hindsight, this large dollar debt appears to have been a financial management mistake for which the company will pay dearly. But, as Mr Boiteux pointed out, "actually, the proportion of franc and foreign currency loans is decided by the Treasury. We could not expect to find on the French market alone the resources necessary to finance the nuclear program, and borrowing abroad is a way of restoring the balance of payments." In spite of its difficulties, the signature of EDF retains its full worth, both in France and abroad. A proof of that, according to Mr Questiaux, is supplied by the fact that the premium paid by EDF when it issues commercial paper on the U.S. market remains very low, between one quarter and one half point. "Benefits acquired" for the unions, privileges for some, the special benefits received by EDF personnel undoubtedly are a burden for the company budget. Thus, according to the Revenue Court, the preferential tariffs they enjoy for electricity (an average of 4 centimes per kWh, compared with 45 centimes for ordinary users) represented 500 million francs in 1980. Such a benefit is difficult to question, as was shown last 31 May by the second EDF strike, the first strike since the left had come to power.

9294

CSO: 3519/559



## ENERGY MINISTER KRISTIANSEN ASKS FOR MORE DRILLING IN NORTH

Oslo AFTENPOSTEN in Norwegian 6 Jul 83 p 3

[Article by Morten Malmo: "Kristiansen Hopes for More Blocs East of Tromso Flake Before 1990--Norway Will Explore More in the North"]

[Text] "I can see neither security political nor foreign political obstacles to Norway beginning exploration for oil and gas in fields east of the Tromso Flake, as long as it takes place in areas which are indisputably Norwegian. When such exploration can begin depends on the seismic charting which will take place, but I hope that exploration there can begin toward the end of the 1980's," said Minister of Oil and Energy Kare Kristiansen to AFTENPOSTEN.

The minister added that the Foreign Ministry rather certainly will have something to say about the situation, but emphasized that exploration in areas which can be characterized as clearly Norwegian in the Barents Sea is not a controversial question, and at the same time the Soviet Union is also exploring for oil in areas there which are clearly Soviet. Kristiansen emphasized, however, that Norwegian exploratory activity will not involve gray zone areas until Norway and the Soviet Union have agreed on the boundaries in the north. How soon exploration east of the Tromso Flake--off Finmark--can begin will, according to Kristiansen, depend on how great resources can be devoted to seismic investigations in next year's national budget, among other things.

## Sale of Norol Considered

The new oil and energy minister points out that the Christian People's Party, in contrast to the Conservatives, has not concentrated on Norol being changed to a private company. But on the other hand Kristiansen does not exclude such a solution.

"For the other oil companies it would be a more straightforward arrangement if Norol were a private company," said the minister, who however adds that he--when the time is right--will consider that question more closely, and that he now has an unbiased position. Kristiansen's predecessor in the

Ministry of Oil and Energy, Vidkunn Hveding, said half a year ago that he would work to carry through the Conservatives' program in that area.

Kristiansen characterizes today's extraction tempo for oil and gas as moderate, and he can not see that the Christian People's Party in a government position has any problems living with the party's viewpoints in this respect. He expects that such a moderate tempo will be maintained through the 1990's, but decisions on expansion and production of new fields must be made if oil income is not going to decline drastically after 1990.

#### Exploration

The Christian People's Party has--in contrast to the majority in the Storting, the Conservatives and the Labor Party--previously been critical of the year-round exploration north of Stad. Minister Kristiansen said that he obviously will take into consideration the Storting majority. The minister also pointed out that he has the impression that the parties have come closer together on this issue. So long as the security considerations and the fisheries are observed, Kristiansen does not see any obstacle to oil exploration the year-round north of Stad.

#### Jobs

"It is rather clear that this will create more and safer jobs in north Norway, not the least because the maintenance of rigs and other equipment now can take place in the north," said the oil and energy minister.

Soon new blocs for exploration will be divided both in the North Sea and north of Stad, but Kristiansen will not reveal any "secrets" on this point. He said, however, that the three government parties have a majority in the Storting so that foreign companies can also be operators in fields off north Norway.

#### Means a Lot

"The foreign companies have meant a lot for the development of oil activity, and I see no basis for not considering the entire continental shelf as one, as we have always done," said Kristiansen.

It was during the debate on exploration announcements before the Storting went on vacation that the Labor Party expressed skepticism toward foreign companies' participation as operators in the north, but Kristiansen says that he is satisfied that the party's main speaker in that debate, Finn Kristensen, emphasized that its viewpoint is not one of principles, but of a practical nature.

#### Oil Tax

The minister of oil and energy also maintained that today nobody is claiming that Norway should change its tax and fee policies for the oil companies, even though Britain recently changed its tax regulations. The minister also does not believe that the difficulties of selling Norwegian oil and gas in the future will be so great that an adjustment of Norwegian tax policies in this area will be required.

## NEW GAS FIELD TO START PRODUCTION IN NORTH SEA

Oslo AFTENPOSTEN in Norwegian 6 Jul 83 p 9

[Article by Flemming Dahl: "On the Way to a New Gas Field"]

[Text] Stavanger, 5 July. A group of four tugs departed from Stavanger on Tuesday morning with a 145 meter control tower, which within a week will be placed on the small gas field Northeast Frigg in the North Sea.

The slender tower is entirely special in Norwegian oil and gas experience, because it will be a link in what will be the first remote controlled field on the Norwegian continental shelf.

With the aid of remote signals--partly radio signals and partly signals through a cable on the ocean floor--production will be controlled from the manned and much larger production platforms on the large Frigg field, which is 17 kilometers away.

Northeast Frigg is such a small field that according to the oil companies it would have been unprofitable to extract the gas if this special solution had not been developed.

The signals from Frigg will go to the new control tower, and from there down to the production equipment which is already in place on the ocean floor, just a stone's throw from the place where the tower will stand. Development of Northeast Frigg is estimated to cost about 10 billion kroner.

The gas will be sent by pipeline to the Frigg field, and from there together with Frigg gas in two pipelines to St. Fergus in Scotland.

The French oil company Elf Aquitaine has operator responsibility on both Frigg and Northeast Frigg, and the control tower was assembled during recent months in the sea outside Elf's office windows in Stavanger. Parts of the tower were built by different workshops.

Elf intends to send small numbers of personnel out to the tower in the North Sea at regular intervals for inspection and maintenance work. Therefore the top of the tower is equipped with a helicopter deck and a handful of berths.

The ocean depth at Northeast Frigg is about 100 meters, and the tower will project 45 meters over the surface. During the next 5-6 years it is expected that the tower and the underwater equipment will have fulfilled their roles, because then according to expectations the exploitable gas will be exhausted.

With the start of production in this field the experts say that activity on the Norwegian continental shelf has reached a new technological milepost.

9287

CSO: 3639/143

## MEAT EXPORT INDUSTRY SLOWLY RECOVERING FROM DISEASE BLOW

Copenhagen BERLINGSKE TIDENDE in Danish 8 Jul 83 Sect III p 2

[Article by Ib: "Meat Export up 30 Percent after Foot-and-Mouth Disease"]

[Text] The meat export to West Germany, Italy and France has increased approximately by one-third. The reason for that is Japan's ban against importing meat from Denmark after the outbreak of foot-and-mouth disease last spring. The export ban meant that Danish slaughterhouses had to put the whole production into the European market.

This is shown by new figures from the sales organization of the slaughterhouses ESS-Food. The slaughterhouses exported a total of 139,000 tons of meat to West Germany. This was a total increase of 35,000 tons in the total tonnage, compared with the year before. Deliveries to Italy have increased from 63,000 to 84,000 tons during the same period, while 76,000 tons were delivered to France, which is 16,000 tons more than in 1981.

At the same time, 12,000 tons of meat were stockpiled here at home by EEC-Intervention. All EEC stockpiling increased also by 90,000 tons. Information chief for ESS-Food, Niels Jorgensen, says that the sales organization has not made up the losses the slaughterhouses incurred by selling the meat in Europe instead of Japan, and he doubts it will be possible because the whole marketing situation is extremely complex.

ESS-Food expects that the export to the three countries will drop again to the level it was before the foot-and-mouth disease as soon as Japan again opens up for import, an action which is expected to happen in November.

Neither ESS-Food's sales department in Japan nor the Veterinary Department has yet received indications that Japan is ready to open up earlier.

9583

CSO: 3613/144

**FINNISH FIRM TO BUILD TWO SHIP ENGINEERING WORKS**

Helsinki HELSINGIN SANOMAT in Finnish 28 Jun 83 p 21

[Article: "Aspo Delivering Two Engineering Workshops to USSR"]

[Text] The Aspo Corporation is expanding its export projects. Aspo Engineering, which was established 4 months ago for the company's export projects, will deliver to the Soviet Union two engineering workshops for manufacturing ship fittings. The value of the contract signed in May is 50 million markkaa.

The contract is a continuation of Aspo's exports to the Soviet Union, which are concentrated on industrial plant projects. After the new contract, Aspo will be delivering six separate industrial plants to the Soviet Union. The total value of the projects will be 450 million markkaa.

According to the contract just signed, the engineering workshops will be completed next year in the vicinity of the City of Tomsk, located in Southern Siberia, and on the edge of the City of Ulyanovsk along the Volga River.

The engineering workshop deliveries will include structures, machinery, and equipment as well as production technology for the manufacture of ship fittings. They will also include installation supervision, start-ups, and training. The installation work will be accomplished with Soviet labor.

Among other things, the engineering workshops will produce anchor equipment fitted with gear boxes and winches, automatic draw gears as well as aspirator pumps.

**Work For Finnish Subcontractors**

According to Director Matti Arteva, the great majority of the deliveries planned by Aspo Engineering will be domestically produced and they will be distributed among many metal industry subcontractors.

"The forthcoming projects will primarily employ small and medium-size enterprises. We will be functioning almost as an export organization for other Finnish firms. Thus our resources will be the same as Finland's resources," states Arteva.



According to him, the export projects have become a rapidly growing and significant area of operations for Aspo's business activities. Aspo Engineering's share of Aspo Corporation's sales volume last year was 11 percent or 120 million markkaa. Aspo Engineering presently employs approximately 30 people.

According to Arteva, all of Aspo's projects in the Soviet Union are the result of many years of work. The two steel service centers, the two river barge building docks, and the contract now received for the two engineering workshops are victories in various competitive bids according to Arteva.

"There was stiff competition between Finnish and European firms for the delivery of the engineering workshops. Our offer interested the Soviets the most, and they trusted in us since we have previously demonstrated an ability to complete projects in accordance with contracts," states Arteva.

According to him, Aspo's export projects even in the future will be concentrated on the accomplishment and planning of Finnish labor-intensive projects.

"In addition to the Soviet Union, we will also attempt to obtain new contracts from CEMA-member countries as well as from the West. However, we do not have the resources or even the desire for very large contracts," states Director Matti Arteva of Aspo Engineering.

10576

CSO: 3617/151

## GOVERNMENT REPORTS IMPROVEMENT FOR MANY ECONOMIC INDICATORS

Oslo AFTENPOSTEN in Norwegian 6 Jul 83 p 9

[Article by Bjorn H. Tretvoll: "Increase for Norwegian Economy"]

[Text] In recent months there has been a change in business conditions which points in the direction of a weak improvement for the Norwegian economy seen as a whole. But the situation is very different in different sectors. As for all of the western countries together, they are approaching moderate business improvement. Those are the main conclusions from the economic review of the Central Statistical Bureau.

It is primarily the improvement in the international economy which is influencing the improvement in this country of the more economically sensitive part of Norwegian exports. But the export figures for important parts of Norwegian industry continue to be low. Even if most international organizations expect a moderate international improvement in the second half of the year, the Central Statistical Bureau emphasizes that the outlook is still very uncertain. Mainly if there is an increase in inventories, which is the driving force behind the improvement we have noticed so far, the increase in Norwegian exports could quickly flatten out.

Lower price increases than were originally assumed, and supplementary appropriations have caused demand in the public sector to grow faster than expected. Private consumption demand for Norwegian produced goods and services is developing very slowly, however. There is little indication of a marked increase in consumer demand for the rest of this year.

Total industrial production, which showed a declining tendency during 1982, now appears to be holding at the present level. The latest figures show that the seasonally corrected index for industry in the period March-May was 1.1 percent lower than in the previous three-month period. Industrial production in May was one percent lower than in the same month last year, when a number of firms had to stop production because of a transport strike.

There are large differences between the different kinds of industries. The industries competing abroad are now showing a strong growth of production. The seasonally corrected index for this group shows an increase of 9.3 percent from the period December-February to the period March-May. In the same time frame there was a decline for the industries competing domestically of 3.8 percent, but production in the protected businesses declined by 1.3 percent.

Industrial investment continues to show weak development, and there is little reason to expect any early increase in that area. Weakness in industrial development will probably continue into 1984.

Investments in the oil sector will on the other hand grow substantially both in 1983 and 1984. In the first place there is the building of Statfjord C, and Gullfaks A, platforms which give growth impulses to Norwegian industry according to the Central Statistical Bureau.

9287

CSO: 3639/143

## UNEMPLOYMENT CONTINUES TO RISE

Oslo AFTENPOSTEN in Norwegian 5 Jul 83 p 9

[Article by Cecilie Norland: "57,500 Out of Work in June--Unemployment Up 1,500"]

[Text] Unemployment went up by 1,500 last month, and at the end of June there were 57,500 registered unemployed. That means that 3.4 percent of the labor force is without work. "The increase is clearly larger than normal, but within the figure 57,500 there are a number of furloughs which are related to the end of vacation," said secretary Kjell Ursin-Smith in the Ministry of Labor and Municipal Affairs. He does not exclude that a further increase in labor market measures will be necessary.

"We are following the situation carefully, but it is too early to say anything concrete about the need for more measures. We must also take into consideration that the municipal employment programs are not reflected in the unemployment figures yet. Temporarily between 2,500 and 3,000 people are employed in that way, and in accordance with the plan for stepping up, about 12,500 will participate in such measures before December, maintains Ursin-Smith. He emphasizes that the situation in the labor market is not dramatic, and also refers to the general tendencies toward economic improvement which will have a positive effect on unemployment figures.

Labor Director Reidar Danielsen said in a commentary that the figure of unemployed is not surprising, and maintains that furloughs in the workshop industries have spread out substantially. "We expect increased unemployment through the fall, but that is not unusual either. It always takes time for youths, among others, to adapt themselves to the labor market. It is also pleasant to note that we now see clear signs of optimism in business conditions, even though it will take time for this to reflect in the unemployment figures," said Danielsen.

Hordaland is the county which has the most unemployed, almost 6,700. That is an increase of more than 300 from the preceding month. Unemployment has also increased in Nord Trondelag, More og Romsdal, Rogaland and Vestfold. On the other hand the figure has declined in Oppland and Hedmark.

9287

CSO: 3639/143

## INDUSTRY JOBS AT SAME NUMBER AS TWENTY YEARS AGO

Oslo AFTENPOSTEN in Norwegian 5 Jul 83 p 9

[Article by Trygve Monsen: "Drastic Decline in Industrial Employment"]

[Text] Industrial employment today is at the same level as it was 20 years ago after the number of employed the last time showed a record decline. Only in the last quarter the number fell by about 12,000, while 22,000 fewer worked in industry in the first quarter of this year compared with one year ago.

"Some of the decline can be explained, for example, by guard services, cleaning services and computer services, which previously were under the direction of industrial firms and have been taken over by service companies, so that the employees have been moved over to the service business and have disappeared from the industrial figures. But it is clear that the exposed competitive situation of Norwegian industry brings about a need for fewer people," said administrative director Knut Lofstad in the Norwegian Federation of Industry to AFTENPOSTEN.

A summary of the number of industrial employees is being worked out by the Central Statistical Bureau based on information from about 8,000 firms. Industrial employment was at the top in 1974 with over 380,000.

In all 331,500 were employed in industry at the end of the first quarter of this year. Compared with the previous quarter, the decline in industry was about 12,000. From the fourth quarter of 1981 to the fourth quarter of 1982 the decline in employment was 14,500.

One reason why there now appears to be a "landslide" in industrial employment is also that firms can no longer sit with excess personnel after many years of hardship in large sectors of industry.

"When profits are weak for a short time, people can be kept because they are expensive to hire. But there are limits, and 10 years of industrial policy are beginning to have an effect," said division chief Tor Steig in the Federation of Industry.



The figures for profitability in industry show that total operating results rose 7.5 billion kroner in 1982. That corresponds to 16 percent of value creation in firms, and is significantly lower than the 25 percent that was operated with in the beginning of the 70's.

The operating result has also shown a steady decline in cash flow from 1979 when it was 10 billion kroner. In 1980 the number was 9 billion, and in 1981 it was 8 billion.

The quarterly figures for employment show that there was an increase in employment in the building and construction activity from the first quarter of last year to the first quarter of this year of 2,800, but from the fourth quarter of last year to the first quarter of this year there was a decline of 4,600.

9287

CSO: 3639/143

## BCP'S VAN GEYT ON RELATIONS WITH CHINESE CP

Brussels DE RODE VAAN in Dutch 9-16 Jun 83 pp 13-14

[Article by Jan Vermeersch: "An Interview with L. Van Geyt. The CPB Is Again on Talking Terms With Beijing;" passages enclosed in slantlines printed in italics]

[Text] The younger readers of this paper would not have known the time when the love between the Russian and the Chinese communists was rudely disturbed. That was in the early sixties, 1963 to be exact, memorable year of the murder of J.F. Kennedy, the stopping of nuclear tests above ground and the Sino-Soviet conflict. Since then, much has passed. The West European communists, the majority of whom stayed with the Moscow communists, took a more independent position and Chinese communism experienced inglorious times. Again and again Beijing made mistakes in choosing allies in the Third World, but bad times would not continue. After an intense, be it disastrous flirtation with Kissinger and consorts, they landed safely again. They tried to make contact with the Euro-communist parties, and Carrillo as well as Berlinguer and Marchais paid their respects in Beijing. The BCP [Belgian Communist Party] would also not be left behind. End of May, Louis Van Geyt (BCP president), Jan Debrouwere (member of the Political Bureau) and Augustin Duchateau (member of the Secretariat) left for a nine day visit to Beijing. On the agenda: re-establishment of the relations with the Chinese communists. And indeed the relations were re-established. Awaiting Jan Debrouwere's travel report, an interview with party president Louis Van Geyt. On what divides and binds the Belgian and Chinese communists.

[Question] When the paths of the Chinese communists and the Soviet communists separated in the early sixties, this set many pens in motion. There was talk of a schism in the communist movement. Now, twenty years later, closer relations between a number of West European communist parties and the Chinese CP causes considerably less commotion. Looking at it that way: what is the meaning of recently re-established relations between the BCP and the Chinese CP?

[Answer] If something goes wrong in the communist movement, everyone is down on it of course in a flash to spread it around all over, and therefore, that interest /at that time/ was not so surprising, but let me say this /at the present/: re-establishment of the relations is a positive evolution. I mean: if Beijing wants to talk again with a series of western communist parties--and not only with them, but also with other progressive forces--then I welcome that of course. As far as we are concerned: already in the resolutions of the 24th congress, there is a small paragraph which holds out a prospect of an opening in that direction. And later on, there have repeatedly been informal contacts with our Chinese interlocutors, among others in Belgrade, Yugoslavia, resulting in an invitation for an official visit to Beijing. The Central Committee of our party did not hesitate then and approved of a positive response to that invitation unanimously. That was in September of last year. Now to the point: internally, a lot has changed in China to be sure. Our interlocutors pointed out very firmly that an end has been made to the errors of the /Cultural Revolution/, "the mistakes of the leftist type," in order to make place for a more balanced assessment of the role of /Mao/ in the Chinese revolutionary process. Mao rendered the revolution invaluable services, we were told, but at the end of his life, he committed grave errors. Well, that has now been corrected for the most part. At present, the economic, social and cultural problems are approached from a more realistic point of view. The productivity, the standard of living (especially of the farmers) and the provisioning have been improved. The socialist legality has regained its rights again, in short: consensus has returned in the Chinese society, and that after a rather unstable period...

[Question] Are any figures being mentioned of numbers of victims during the Cultural Revolution within that context?

[Answer] No, not at any moment. They are very categorical in pointing out the errors, and we ourselves did not feel like bringing up improper questions...

#### Southeast Asia

[Question] Re-establishing relations implies that certain dividing lines between the parties become blurred. Which ones, in the foreign sphere for instance?

[Answer] International solidarity, cooperation with the Third World and the fight for peace undoubtedly gained a new content in Chinese politics, and there are concrete indications for that. For instance, it is known that relations with a number of East European states are due for expansion, and then not only with Yugoslavia and Romania, but also with the GDR and Poland for instance. I mean in the political sphere. Besides, I think I should say that the Belgian and the Chinese communists are on the same wavelength as far as the role of Reagan in Latin-America and the Middle-East is concerned or the harmful American policy in South Africa. We act in sympathy with the same progressive forces; we fight the same imperialist opponent. Where our opinions do differ, that is of course Southeast Asia. The Belgian communists will never support a coalition in which the Pol Pot supporters--murderers of the Khmer people--are present. That is different as far as Beijing is

concerned. We determined--without entering into a discussion--that Beijing has a policy of support to the coalition of Sihanouk (thus, including the Pol Pot clique). This point of view, by the way, is the same as that of the majority of western countries and the ASEAN countries. Again, that is not our point of view. We--and that is also the desire of the Kampuchean people--want guarantees against Pol Pot infiltrations from Thailand. We also regret that an arrangement has failed to appear, especially because the proposal of an Indo-Chinese peace zone would encourage the aspirations of non-alignment of Vietnam, Laos and Kampuchea.

Besides, Kampuchea is also a delicate point in talks which are held in Moscow with Beijing. A bit strange actually, because, even though the matter of Afghanistan and the border disputes between both countries can be qualified as legitimate subject for discussion, we do not see where to fit in the problem of Vietnam-Kampuchea. In any case: in Beijing we underlined the fact that the BCP and with it a large part of the European left, does not wish a compromise on Pol Pot. We do not talk with them, and that is also the point of view of the majority of the countries in the movement of non-aligned countries. I refer to the "empty chair" policy in the UN.

#### Separate Negotiations

[Question] At the press conference you hinted that the Chinese do not favor a possible transfer of a part of the SS-20's to the Asian part of the Soviet Union.

[Answer] Look, we defined our point of view in Beijing: namely that a disarmament accord, possibly on the basis of the Andropov proposals, should result in the /phasing-out/ of the SS-20's, /not/ the transfer of that stuff to the Asian part of the Soviet Union. We also think that the rockets already there should be subject of a separate negotiation in which the American weapons from Japan to the Middle East should be included of course. That seems a very reasonable point of view to us.

Besides, the Chinese do not have as much of a grudge against the Soviets as in the seventies. The so-called social imperialism is no longer enemy number one but the world is dominated by two hegemonisms which will be considered /equal/ from now on. It is not our opinion--certainly not--because we still consider the American imperialism to be the main enemy and the nuclear risks are increased by Washington, but that difference of opinion should not hinder improvement in relations. Besides, we have the impression that talks on troops reductions on both sides of the Chino-Soviet border could be crowned with success in the future. Provided there is some good will from both sides, of course.

[Question] And Afghanistan?

[Answer] That is also a problem which does not only concern the Soviets and the Chinese although Peking holds an a-priori point of view as far as that is concerned: Moscow has to get out of Afghanistan, period. Our point of view is somewhat different: we think namely that, in the present

international context, in that part of the world an accord should be strived after which is acceptable to all parties. A very reasonable proposal of the movement of non-aligned countries has been put forward: withdrawal of the Soviet forces with guarantees that Afghanistan will not become an imperialist hotbed but will regain its status of non-aligned country. The fact that the BCP disapproved of the invasion, you already knew.

[Question] The conclusion of this historic China trip?

[Answer] Positive. Extremely positive. We certainly do not agree on everything but points of contact are increasing, and in particular: from now on an open discussion of differences of opinion is possible. For the party it will undoubtedly be an enrichment, a way to achieve posing problems more completely. However, this does not mean that the recently re-established relations are opposed to the development of contacts with other communist parties and progressive forces in the world. Certainly not, the starting point should be that contacts in all directions are hopeful for peace and the independence of nations.

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CSO: 3614/118



## PAPER LAUDS SWEDISH FOREIGN MINISTER'S NEUTRALITY STATEMENT

Helsinki HELSINGIN SANOMAT in Finnish 5 Jul 83 p 2

[Editorial: "Sweden Presented a Surprise"]

[Text] In Sweden over the past winter there has been a debate on security policy that has been more heated than usual. Now in an interview given to Stockholm's largest daily paper the country's foreign minister has hammered out some definitions, which also give outsiders cause for thought.

The series of interviews in DAGENS NYHETER was begun a week ago by the Danish researcher Erling Bjøl, in whose opinion Sweden's neutrality has begun to lose its credibility in the past year.

Bjøl estimated that Sweden can no longer maintain a nonaligned neutrality based on weapons. Sweden's weapons industry is now already in need of imported parts, a situation which may soon negate Sweden's neutrality according to Bjøl.

As Sweden's position with respect to armaments becomes weaker, it will adopt a policy of accommodation with the Soviet Union, predicts Bjøl.

Norwegian researcher Johan Jorgen Holst, for his part, disputed the arguments of his Danish colleague. According to him, Sweden's defense capability is still strong. The financial problems being experienced by Sweden are known even in other countries, states the Norwegian researcher, in whose opinion the rest of the world is not worried about a weakening of Sweden's defense capability.

Swedish Foreign Minister Lennart Bodstrom's comment on Sunday will probably arouse more discussion than Bjøl's opening statement attempting to frighten Sweden with the concept of Finlandization. Bodstrom established a link of equality between Sweden's and Finland's independence. Sweden has not been accustomed to doing this before, and neither has Finland.

In Finland there is reason to be satisfied when Sweden's foreign minister states that his country's neutral policy differs from Finland's policy only in the fact that Sweden does not have an agreement with a superpower on the defense of its own territory.

Bodstrom is desirous of making Finlandization, which has become a curse word in international politics, a positive term and goal, in which there is a sufficient amount of open and hidden wisdom. Finland's problems have been understood even before in Sweden and the Swedes have known how to appreciate our achievements.

Bodstrom has done a service to Finland if the insight into the correct meaning of Finlandization would now reach Denmark.

The actual essence of the security discussion in our neighboring country is, however, to be found in the declarations of the ruling party, according to which the real life-and-death question of the international community is the hopeless poverty of the Third World.

The pointed evaluations regarding Sweden's weakening defense capability made by the Danish researcher are based on the fear that a conscientious Sweden will begin to transfer its defense appropriations to development aid. Such an act, without a doubt, would undermine the credibility of Sweden's security policy in the all-suspecting eyes of the military alliances.

However, this argument does not yet mean that Sweden is changing its security policy and position as an anchor in the Nordic area.

One of the clear objectives in the security policy discussion in Sweden is to expand the concept of foreign policy in a moral direction. Sweden has even previously moralized to superpowers and the military alliances. As a credibly neutral state, it can develop a moralistic theme.

10576

CSO: 3617/151

## CP CHAIRMAN KAJANOJA: PARTY EMERGING FROM CRISIS

Helsinki UUSI SUOMI in Finnish 1 Jul 83 p 3

[Article: "Kajanoja, Who Believes in Unity: Stalinist Change in Approach Has Calmed Down CP Dispute"]

[Text] In the opinion of Finnish Communist Party (SKP) chairman Jouko Kajanoja, the SKP's outlook for the future is brighter than it was this spring. He gave us to understand that the "progress" that has been made in the negotiations over unity is the result of a change in approach in connection with which the Stalinists set aside their plan to skip out of the SKP.

The party Central Committee was supposed to have solved the SKP's problems as early as last winter. At that time they were even close to a formal party split. However, that did not happen, decisions were postponed and the Stalinists remained in the boat.

The party's Stalinists and moderates have been mulling over the proposal to resolve the press issue during the entire early summer. The press issue will be on the Central Committee agenda at its next meeting in September.

In Kajanoja's opinion, the Stalinists' attitude toward the job the Press Committee is doing shows that they have probably chosen a "new direction" instead of resigning from the party.

#### Problems Still Unsolved

While they are unanimously seeking unity, they have not been able to undo the tangled web of the problem itself. The moderates would like KANSAN UUTISET and TIEDONANTAJA to merge as the single organ of the SKP and the Finnish People's Democratic League (SKDL).

The Stalinists have not publicly opposed the plan to merge the newspapers in a particularly strong manner. The fact that the heir to KANSAN UUTISET and TIEDONANTAJA would also be a newspaper and organ of the SKDL together with the SKP is not, however, acceptable to the Stalinists.

Kajanoja did not want to guess whether the SKP is capable of solving its problem and when agreement would be reached. In his opinion, the press war cannot

be ended with one Central Committee meeting. He, nevertheless, felt that the fact that the members of the Press Committee were formally "in unanimous agreement" was a good sign.

#### Kajanoja Silent About His Own Position

Last winter Kajanoja's positions at the helm of the SKP were felt to be comparatively fragile. A bunch of "hardliners" of the moderate radical wing who would like to kick the Stalinists out of the party by means of simple organizational decisions were, however, ousted from the Central Committee.

With the revision of the Central Committee, criticisms directed at Kajanoja have decreased, although the SKP chairman is looked on with disfavor, especially in SKDL districts.

Kajanoja has indeed managed to restore equilibrium to the party leadership, now and then using the Stalinists as his support.

He wants to stay on, at least until the next party congress. Kajanoja had nothing to say about what might happen after that.

"I'm here and I do my job," he mused.

The chairman's position has probably become stronger too along with the fact that the SKDL did not get into the government. Now the party and the SKDL do not have to fight with one another over whether government policy is to be approved or not.

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CSO: 3617/153

## CP COMPLETES MEMBER CARD EXCHANGE; GREAT DROP IN NUMBERS

Helsinki HELSINGIN SANOMAT in Finnish 9 Jul 83 p 6

[Text] What with the party's long internal squabble and the drop in support at the polls, Communist Party (SKP) membership has dropped to the lowest figure of all time. When the SKP exchange of membership cards, which was in its second year, was concluded on Thursday, 28,000 members were registered with the party's main office. In its best days there were about 50,000 members.

In the SKP they expect that, when all the notifications of membership have had time to reach Helsinki after the summer vacation, the number of members will increase by another couple of thousand, so that the actual membership will probably gradually amount to slightly over 30,000.

In the first half of last year, when the SKP set in motion the exchange of membership cards, the party nominally had 48,000 members, but only 25,000 of them had paid their membership dues. The remaining 23,000 had either died, changed districts, otherwise withdrawn from party activities or simply neglected to pay their dues.

The SKP explains that during the exchange of membership cards the membership thus actually increased from 25,000 to 28,000.

This is the fifth time the SKP has conducted an exchange of membership cards. The last exchange took place in 1973. SKP organizational secretary Risto Koskinen said that at that time the membership had dropped by 27.5 percent. At the end of 1972 47,600 members were registered with the party and after the exchange of membership cards there were 34,000. The drop was almost as big as it is now.

The SKP rose from its underground status and began to operate as a legal party in 1944. At that time there was a rush to join the party and membership had risen to nearly 50,000 as early as 1949.

When membership cards were exchanged for the first time in 1950, the membership turned out to be 44,000. In the 1958 exchange 39,000 members came in.

According to Koskinen, at its peak membership has fluctuated about 50,000, but the actual amount has never exceeded that limit.



Membership has increased following exchanges of cards: In 1974, for example, the SKP received 5,000 new members. But then, on the other hand, in exchanges of membership cards the "loosely attached members" are blown off the membership list.

#### Relative Strength Unchanged

In the SKP they are convinced that member purges and drops in membership do not in any way rock the relative internal strength of the party. Members have dropped out of both camps and there are still nine district organizations in the hands of the moderates and eight in the hands of the Stalinists.

Exact statistics and a report on the membership situation will not be prepared for the SKP Politburo until the end of August. At that time too a final picture will take shape as to who all have relinquished their membership in the SKP.

At this point there is a gut feeling in the party that among those 20,000 that have failed to renew their membership cards are both old, ill members and young intellectuals who stormed into the party at the end of the 1960's and are now fed up with the troublesome and endless organizational chores, the futile internal war and, of course, the really "dead souls," many of whom have changed districts and otherwise lost contact with the old party sections.

According to organizational secretary Koskinen, the exchange of membership cards has been effected with the smallest losses in the districts of Vaasa, Pedersöre and Turku. The first two are in the hands of the moderates and Turku is in Stalinist hands.

The loss of members was particularly felt in Kymenlaakso (Stalinist), Keski-Suomi (moderate), Joensuu (Stalinist) and Kainuu (moderate).

The Communist minority wing explains that the moderates have lost more members than the Stalinist, but the moderates do not admit that any shift in the balance of power has occurred.

The most conspicuous member to have given up his card is probably the SKDL's [Finnish People's Democratic League] Johan von Bonsdorff, the chief editor of the Swedish-language newspaper NY TID, who was connected with the SKP moderates. He merely resigned as a member of the SKDL, as did several other Helsinki intellectuals too.

Unknown in the other parties, the exchange of membership cards takes place routinely in the SKP. Members have to pay any delinquent membership dues and fill out a personal data form. After that, the district sends new red-covered membership cards which are generally distributed at party section meetings.

At the SKP they say that no rituals, interrogations or oath-swearing is involved in the exchange of membership cards.

For the first time the party is now getting a computer-based membership register which will contain the names of and data on all members. In many other parties information on members has been entered in computer memory banks for years now.

#### Stiff Membership Dues

One reason for the drop in SKP membership may be the party's high membership dues. To prevent a loss of members, the SKP has even lowered dues since the beginning of this year.

SKP membership dues are considerably higher than in any other party. Dues are based on a sliding scale according to income.

Right now dues are determined in accordance with gross income, as follows: If the monthly gross income is under 1,000 markkas, the party charges 2 markkas a month, with income from 3,000 to 4,000 the dues are 10 markkas a month, from 4,000 to 5,000 20 markkas a month, from 5,000 to 6,000 30 markkas a month, and so on.

Communists who earn over 9,000 markkas a month have to fork over 1 percent of their gross income to the party; thus for a Communist minister party dues would at present come to 190 markkas a month, or over 2,200 markkas a year.

They do not have dues at one rate for all as do the church and the trade unions.

In addition to membership dues, Communists also have to voluntarily pay out of their dues an election fee, 1 markka a month, to constantly subsidize the party newspapers and take part in various other collections and lotteries.

#### Memberships of the Other Parties

In terms of membership Finland's biggest party is the Center Party (KEPU). At the present time it reports a membership of 293,512, but that figure to a certain extent includes so-called compound members, that is, the same person is also counted as a member through the women's or youth organizations.

The KEPU does not have a uniform rate for membership dues at all; instead each district collects dues according to its needs. In rural districts members give the dues collector, who snatches membership dues directly from the proceeds from milk or some other item, the authority to do so. Average dues are estimated at 20 markkas a year. Party headquarters gets 75 pennies from the district for each member; all other funds are spent in the constituency.

The SDP [Social Democratic Party] estimates that its actual membership is now about 90,000, since those whose dues are in arrears have been removed from the rolls. There are 81,000 fully paid-up members. Full membership dues in the SDP are 102 markkas a year, students get in at a lower rate, but the district may collect slightly more than that for its own needs.

The Conservative Party says that it has a membership of about 80,000. That figure also includes those who have failed to pay their dues. Dues are 40 markkas a year and members also get the party newspaper, NYKYPAIVA, for that sum.

The membership of the Swedish People's Party is 42,910. The party sections set the dues. Normal dues are about 20 markkas a year. Party headquarters gets 4 markkas per member.

There are 40,653 members in the SKDL. Some of its members are also members of the SKP. The SKDL charges employed members dues of 36 markkas a year and those without income 12 markkas a year.

The Rural Party estimates its membership at about 20,000. There is probably a fair amount of "air" in that figure. Combined dues and a subscription to the party newspaper, SUOMEN UUTISET, come to 90 markkas a year, but a reduction may be granted.

The Christian League says that it has a membership of over 19,000. Dues vary from section to section. They are now about 25 markkas a year and that includes delivery of the party newspaper, KRISTITYN VASTUU.

The Constitutional Conservative Party does not know exactly how many members it has. The figure of about 3,000 "is used." Dues are from 10 to 30 markkas a year and each party section collects them entirely for itself. Party headquarters has survived "on its old savings" and now on the party subsidy.

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CSO: 3617/153

## MODERATE CP ORGAN COMMENTS ON PARTY CARD EXCHANGE

Helsinki KANSAN UUTISET in Finnish 23 Jun 83 p 2

[Editorial: "Membership Cards Are Exchanged"]

[Text] Of the Finnish Communist Party's (SKP) activities, for several years issues involving only the party's internal differences have crossed the threshold of publicity. The party's political policy decisions — particularly when they have been unanimous — have been given space only in the People's Democratic press. Only negative sensationalism about the SKP has been presented.

They have also tried to make a negative news item out of the big organizational event that is at present being concluded, the party's exchange of membership cards.

It is evident that the exchange of membership cards was not conducted in a very favorable atmosphere this time. Political reverses experienced by the party and the People's Democratic League have had their effect on both the atmosphere and the activities of the party organizations. Taking this into account, we may consider the exchange of membership cards as being moderately successful. In the days ahead of us thousands more party members will certainly renew their membership and will want to in that way express the fact that they deem it best to be able to participate in the Finnish class struggle, in actions for peace, democracy and socialism in the ranks of the SKP.

In connection with the exchange of membership cards too, a consistent relationship was observed such that, the more active and the clearer a party organization was in its line of action, the higher too the percentage of those who exchanged their membership cards.

Aside from the exchange of membership cards, a particularly many-sided program for the reform of organizational activities is at present being implemented in the party districts. One experience gained from the election campaigns is the fact that the keys to progress are getting the organizational machinery into shape and increasing the circulation of the People's Democratic press.

Aside from this, the post-election months have confronted the party with its own big political challenges. Many of those nonsocialist plans, the execution of which the People's Democrats had successfully opposed government policy on, have now been taken up again to be carried out. The development of opposition to these plans on behalf of worker policy is right now the party's most important task.

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CSO: 3617/153



## PAPER COMMENTS ON DEFECTION OF SOVIET MUSICIANS TO U.S.

Helsinki UUSI SUOMI in Finnish 6 Jul 83 p 2

[Editorial: "Mullova's Choice"]

[Text] Violinist Viktoria Mullova's dash across Finland to Sweden and from there on to the United States gives the impression of having been a carefully planned political flight executed without a hitch due to the freedom of passport control in the Nordic countries. This is not the first time Finland has served as a corridor from the East to the West either.

Soviet artists' considerate crossing of the border into Sweden has relieved Finnish officials of many an annoying problem.

If negotiations to emigrate to the United States had been conducted on Finnish soil, the situation would in many ways have been more awkward and also politically more sensitive for us.

These dashes to freedom create vexatious publicity for the Soviet Union. Artists and athletes are prominently in the service of their country in all socialist countries. They are used as public relations ambassadors in the competition between Eastern and Western ideologies. This is why such a decision is always more than the individual in questions's personal decision.

Closing the borders would be the only way of preventing such dashes. At the same time, however, various opportunities for cultural collaboration would also be cut off and talents could not be used for propaganda purposes on both sides either.

It will hardly come to closing the borders, but tighter supervision than before and selectivity will probably be the result of the increase in political refugees. However, the objectives ought to be just the opposite, freer transmission of knowledge, skills and art across all borders than before.

Abandonment of one's native land is an extremely difficult and heavy-hearted decision for anyone, especially when it is a final one. That decision ripens in terms of each individual's own view of freedom and his own opportunities.

Both artists and athletes have more of those opportunities than others and that is why strong economic reasons are often associated with their flights. In a market economy the value of talent is also measured with money.

Personal freedom is a big goal — and, according to the Western view of things, the right to choose the place one wants to live in and the opportunity to leave the country are also a part of that. This principle must be defended in every possible way.

On the other hand, it is evident that questionable features have also begun to be associated with these dashes for freedom — in some countries and cases they have even become business deals. There is no reason to turn Finland into a stage for such dealings in the name of essential principles of freedom either, regardless of what form that may take.

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CS0: 3617/153

## PAPER DEFENDS RIGHT OF CONSERVATIVE PARTY TO JOIN IDU

Helsinki UUSI SUOMI in Finnish 30 Jun 83 p 2

[Editorial: "International 'Conservatism'"]

[Text] The Conservative Party has participated in the founding of a cooperative organization of conservative parties, the IDU [International Democratic Union].

The new organization extends the activities of the EDU [European Democratic Union], which has heretofore operated among the conservative parties of Europe, to also include corresponding parties of the United States, Canada, Japan, Australia and New Zealand.

Above all the same kind of views on the freedom of the individual, parliamentary democracy and a market economy link the conservative parties with one another. In time these topics will evidently be extensively considered in IDU activities too as they are in the EDU. In these kinds of matters the Conservative Party will have no difficulties in discussing things on the same wavelength as other conservatives.

It becomes a different matter when they talk of security policy. In connection with that, situations arise in which the Conservative Party may really be alone. That is what happened at a London conference when the Conservative Party walked out because of security policy provisos in a conference press communique.

In the newspapers of the Left as well as in some of those of the Center Party, Conservative Party participation in international conservative activities is viewed as being at the very least damaging to the party's image. This sort of negative attitude seems to be poorly grounded in a country where, in the words of the last president, we will with every means in our power strive to function as a bridge builder between East and West. The Conservative Party may perform this role in the IDU when it strives to provide a counterweight to the views and positions of the other parties, primarily representing the NATO countries.

Conservative Party membership in conservative international cooperative organizations is just as justifiable and legitimate as Social Democratic membership in the Socialist International. In that forum too, especially in past years, views on security policy were under consideration such that the Social Democrats' presence during the discussions was not necessarily favorable in terms of the SDP's foreign policy image.

In Finnish foreign policy we are used to particularly stressing the importance of personal relations. It will be especially important to Finland if, in connection with EDU and IDU conferences, we can engage in personal contacts with the West's most important political figures. English Prime Minister Margaret Thatcher, FRG Chancellor Helmut Kohl and U.S. Vice President George Bush participated in the recently held conference.

Through its activities in the conservative organization, the Conservative Party can be of significant benefit to Finnish foreign policy by improving relations with parties in power elsewhere, relations that are weakly developed. While one party's influence may not be great, through its active participation it may be quite significant for the development of the organization's positions too, indications of which we have been able to observe in SDP activities in international forums.

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CSO: 3617/153

## PLANS TO STRENGTHEN FEDERAL BORDER GUARD

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 23 Jul 83 p 4

[Article by "ban": "Zimmermann Warns Against Fragmenting Border Guard Mission"]

[Text] Bonn, 22 July—Interior Minister Zimmermann has now begun a gradual strengthening process of the federal border guard (BGS) both in terms of structure and personnel. While the CDU/CSU was still in the opposition, it accused then Interior Minister Gerhard Baum of concentrating on "individual border guard operations" similar to police operations in the Laender while overlooking the fact that the primary mission of the BGS was to operate in unified actions. Accordingly, Zimmermann made the following point in speaking at BGS headquarters in Kassel recently: "The capability of the BGS to take part in unified police actions is a clear and ineluctable requirement for its fulfilling its lawful mission." Zimmermann also warned against "fragmentation of effort into individual operations."

Interior ministry sources said that one should not expect a "turnabout" in BGS functions. The goal is to increase personnel, since the BGS lost more than 650 regular positions as federal jobs were cut during the past 2 years. But the ministry is also looking for technical equipment to give to the BGS and at political-organizational questions such as whether it would make the BGS stronger, if it became a separate division inside the interior ministry again—instead of a sub-division as at present. Such wishes and other more far-reaching ones as well as complaints that things are not moving fast enough following the change of government are being countered at the interior ministry by pointing to the fact that many a project cannot be undertaken for lack of funds and others should not be attacked too hastily. Zimmermann wishes to avoid creating unrest among the federal police agencies under his jurisdiction.

At this time, the ministry is focusing its attention on laying the groundwork for a more military role for the BGS. First of all, BGS personnel is "getting old;" the envisioned operational units will require younger men. Bavaria will soon sign the agreement calling for recruiting 20 percent of its newly commissioned policemen from BGS ranks. It will be last Land to do so. The idea is that new BGS openings will thus be reserved for younger applicants. But Bonn is also well aware of the fact that these agreements alone will not do the job in the long run, since the Laender have fewer



openings for policemen than originally planned for lack of funds. In 1983, some 200 BGS men will be taken over by the Laender police organizations. But to make the program work, it would have to be more than 1,000 in subsequent years according to BGS sources in Bonn.

That is why Zimmermann focuses his attention on the negotiations between his own ministry and the finance ministry. By this fall, he hopes to have an agreement worked out under the terms of which the customs service—which is under the finance ministry—would reserve at least some of its open positions (up to 700 each year) for members of the BGS. As to the politics of the issue, Zimmermann and Stoltenberg are in fundamental agreement. The negotiations revolve around the actual number of BGS men to be taken over; the impact on their training and the transfer modalities.

The assumption seems to be that the transfer of BGS personnel can be effected without additional cost—which is one of the prerequisites of the program—although the customs cone still includes the lower ranks whereas the BGS cone does not. Comparable customs jobs are paid at the A 5 scale and in the BGS at the A 7 level. If BGS personnel were taken over, they would remain at the old (and more costly) levels. But since the program calls for providing little or no financial support for training customs personnel, these additional costs can be absorbed or balanced out, it is believed. But if the negotiations fail, there are some in the BGS who fear that this would bring back temporary personnel. The CDU/CSU fraction is well aware of this, too. If it happened, it would further confuse the personnel picture in the BGS because—given the job situation—this would call for professional training support payments at the conclusion of their term of service.

Another way of strengthening the military character of the BGS is to change training procedures, the interior ministry believes. In Zimmermann's view, they have to be adapted to practical conditions. "The unified operation aspect is to be enhanced with the help of practice-oriented exercises," he said in Kassel. Consultations at the interior ministry appear not to have been completed as yet and the word is that there will continue to be a need for training in theory such as legal aspects. But there are those who would like to see training concentrate on operational units and to try to get away from units purely devoted to training which presently make about just about one-third (about 6,000 men comprising the teaching staff and the students) of the BGS as a whole.

In the area of personnel planning, Zimmermann has been able to thwart two of the finance minister's demands. He already succeeded last year in obtaining an exemption from the one-percent, government-wide cut in personnel for the BGS police officers. Now he has succeeded in getting 1,800 new positions for the BGS in 1984 although original finance ministry plans had called for only 750. New BGS personnel, like other new government employees, will be paid trainee salaries instead of regular salaries as they previously were (about DM 900 instead of DM 1,100). 1,600 new

positions will be available both in 1985 and 1986 and 1987 plans call for 1,400 more—which retains BGS authorized strength. Plans by former Finance Minister Matthoefer to cut the BGS substantially below 20,000 in the course of the eighties thus seem to have been thwarted once and for all.

Zimmermann has also succeeded in speeding up procurement of the new special vehicles. They will be placed in service over the next 5 years instead of the next 10, the interior ministry says; and instead of a little over 100, there will now be 300 such vehicles. But Zimmermann's plans to obtain seagoing BGS vessels for use in the North Sea to combat ecological infractions for example seem not to have met with success so far. Two of the seven BGS vessels stationed in the Baltic have been transferred to the North Sea; but they are of only limited use there (below moderate gale force winds). Fully operational vessels will not be purchased, however, until older ones need to be replaced. Also, plans for establishing new headquarters at Frankfurt and Karlsruhe have been shelved for the time being because of a lack of funds. But Zimmermann does hope to reach a decision by the end of this year on whether to retain the Walsrode training site in Lower Saxony which his predecessor Baum had wanted to shut down.

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CSO: 3620/409

## BRIEFS

ARMY ORDERS NEW TRUCKS--The General Staff is ordering 93 new trucks for the Army from Sisu-Auto. They will be delivered in the years 1983--1987. The value of this transaction is approximately 26 million markkaa. The government granted permission for the purchases on Tuesday. The new Sisu trucks will be used as so-called garrison vehicles for transportation and training purposes in garrisons and depots. Some of the trucks will be modified for use by the Air Force. According to the Defense Ministry, the economic life of the "garrison trucks" will be 10 years and this present procurement will replace obsolete trucks being taken out of use. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 29 Jun 83 p 9] 10576

ARMY ORDERS FIELD ARTILLERY--The defense forces are purchasing new field artillery from Tampella at a cost of 100 million markkaa. With this weapons purchase the Army will receive for its use a new type of 155-millimeter cannon, which will have a firing range of more than 20 kilometers. Of this new artillery to be procured, only a prototype has been built to date. The carriage for this prototype had to be modified in accordance with the Army's specifications. The Army will receive approximately 20 pieces of artillery with equipment in this 100 million markka order. Tampella's plant in Tampere will deliver the cannons by the year 1987. Additional cannons will also be ordered later. The General Staff received authorization for this transaction from the government on Thursday. This will be the first rather large domestic arms procurement in a long time. The domestic level of manufacture in the artillery is 96 percent. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 8 Jul 83 p 3] 10576

CSO: 3617/151

## DEFENSE BUDGET FOR 1983 BROKEN DOWN BY BRANCH, EQUIPMENT

Paris LE BUDGET DE LA DEFENSE 1983 in French Feb 83 pp 5-29

[Publication by the SIRPA (Armed Forces Information and Public Relations Service): "General Presentation of the 1983 Budget."]

[Text] The budget of the Ministry of Defense for 1983 totals Fr 158.866 billion. It is up 10 percent over the 1982 budget. With pensions deducted, it comes to Fr 133.222 billion in credit payments and Fr 78.443 in program authorizations, which break down as follows:

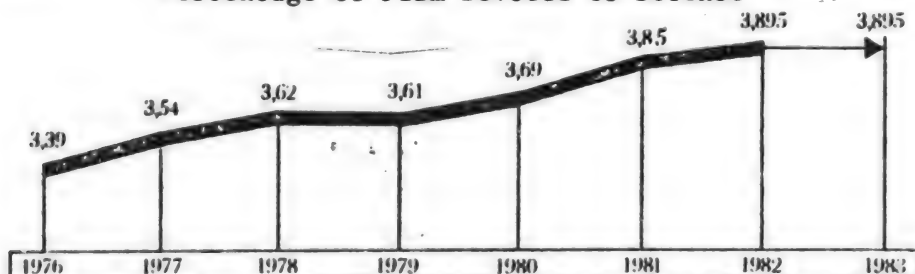
	<u>Payment Credits</u> (in billions of francs)	<u>Program Authorizations</u> (in billions of francs)
Title III: ordinary expenditures	72.292	
Title IV: capital expenditures	<u>60.930</u>	<u>78.443</u>
Total	133.222	78.443

This budget has four essential aspects:

1. It maintains the high level of resources allocated to our defense.

With Fr 133.222 in payment credits, the budget, not including pensions, is up 8.44 percent over 1982; it therefore maintains the resources allocated to the armed forces, in terms of constant francs as between the one year and the next. Like last year, it represents 3.895 percent of the Gross Domestic Mercantile Product (PIBm).

Percentage of PIBm Devoted to Defense



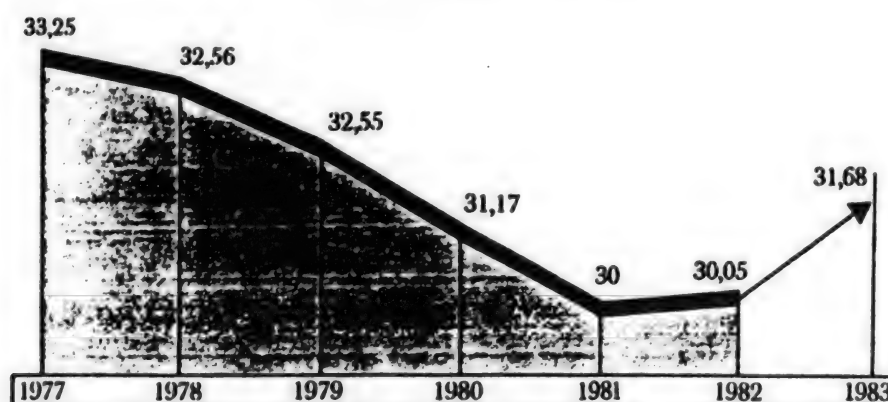
2. It gives priority to continued development of the nuclear forces.

The nuclear forces constitute the fundamental element of our defense policy. Therefore, there is no slowdown in the effort maintained for them.

In relation to the total military budget, the total of the credits devoted to the equipping and functioning of the nuclear forces represents more than 19 percent.

In relation to the equipment budget (Title V) only, the proportion of credits devoted to the strategic and tactical nuclear forces totals 31.68 percent of the payment credits and 31.97 percent of the program authorizations, reversing the trend noted during the 1977-1982 programming law.

Share of the FNS [Strategic Nuclear Force]-ANT [Tactical Nuclear Weaponry] in Title V (Payment Credits)



3. It continues the effort to modernize the conventional forces.

The programming law's principal equipment programs will have been carried out completely by the end of 1983.

Thus, comparing the quantities of materiel delivered to the units as of that date with the law's delivery forecasts, the degree of fulfillment of the programming stands as follows:

--For the Army, most of the programs will be 100-percent fulfilled, and even more for the FAMAS [expansion unknown], the 120-mm mortar, the VAB [Forward-Area Armored Vehicles] and the Milan. On the other hand, development of the 155-GCT cannon will be only 46-percent completed.

It should also be noted that only 71 percent of the tactical vehicles will have been delivered to the units.

--For the Air Force, as regards development and production of combat airplanes, taking the Mirage F1 and the Mirage 2000 together, the law is 99-percent ful-



filled. For the other materiel, the programming objectives are exceeded, and as regards the antiaircraft batteries, four times more batteries will have been delivered.

--For the Navy, with the exception of the antimine ships, only 67-percent fulfilled, and the Super Etendards, only 89-percent, all the other programs will have been delivered in accordance with the law's provisions.

4. It prepares for the future by devoting sizable credits to research.

In 1983, Fr 5.298 billion in program authorizations and Fr 4.181 billion in payment credits will be allocated to upstream research (Title V).

These resources, while maintaining nuclear research at a high level, will make it possible in particular:

--for the Army, to continue the studies on the antitank helicopter and to launch, on the national level only, the studies to define the future tank to succeed the AMX-30;

--for the Air Force, to launch the ACX experimental airplane that will be used for the studies to define the combat plane that will be built in series as from 1995;

--for the Navy, to continue actively the studies on nuclear propulsion and new weapons.

#### The Budget for the Armed Forces

This budget expresses:

--the priority assigned to the nuclear forces;

--the maintenance of the activity of the conventional forces and continuation of their modernization.

#### The Nuclear Forces

Development of the nuclear forces remains a priority in 1983.

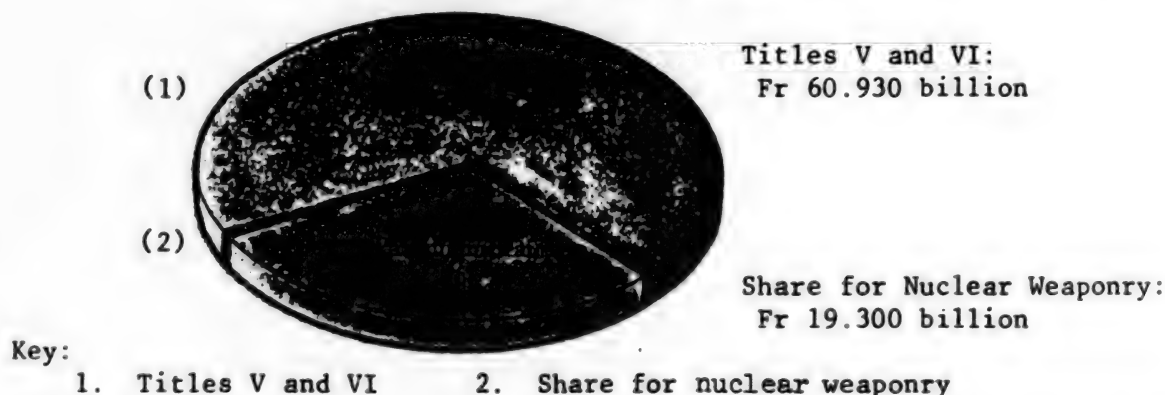
The following table makes it possible to evaluate this effort:

(in billions of francs)	<u>Program Authorizations</u>	<u>Payment Credits</u>
Strategic Nuclear Forces	21.023	17.833
Tactical Nuclear Forces	<u>4.059</u>	<u>1.467</u>
Total	25.082	19.300

With Fr 25 billion in program authorizations and more than Fr 19 billion in payment credits, the nuclear credits are up 24.6 percent over 1982 for program authorizations and 14 percent for the payment credits of Title V--a considerably sharper increase than for the general defense budget.<sup>1</sup>

Tactical nuclear weaponry has been undergoing full-scale development in recent years. In 1983, the Fr 4 billion in program authorizations and Fr 1.5 billion in payment credits assigned to it will make it possible to order 15 "nuclear" Mirage 2000 planes which, starting in 1988, will be capable of launching the medium-range air-to-ground missile carrying a tactical nuclear charge.<sup>2</sup>

Share of Nuclear Weaponry in the Defense Equipment Budget in 1983  
(Titles V and VI) in Payment Credits



#### The Programs in Course of Execution

In 1983 again, the biggest equipment credits are allocated to the Strategic Naval Force (up 23.29 percent in program authorizations and 26.24 percent in payment credits over 1982), so that construction of the M4 missile, with which the SNLE's [Missile-Launching Nuclear Submarines] will be equipped starting in 1985, can be financed. This program represents the No 1 priority of the defense equipment budget.

#### The Future

The development and modernization of the nuclear forces will be continued in the coming years, notably by:

- the placing in service of a seventh missile-launching submarine, of entirely new technology;
- realization of a more reliable and higher-performance system for signaling orders to the SNLE's: the Astarte;
- replacement of the Pluton by the Hades, which will be operational as of 1991;
- the launching of the SX program, the SX being a new mobile ground-to-ground ballistic component that will be placed in service during the coming decade.

#### The Army

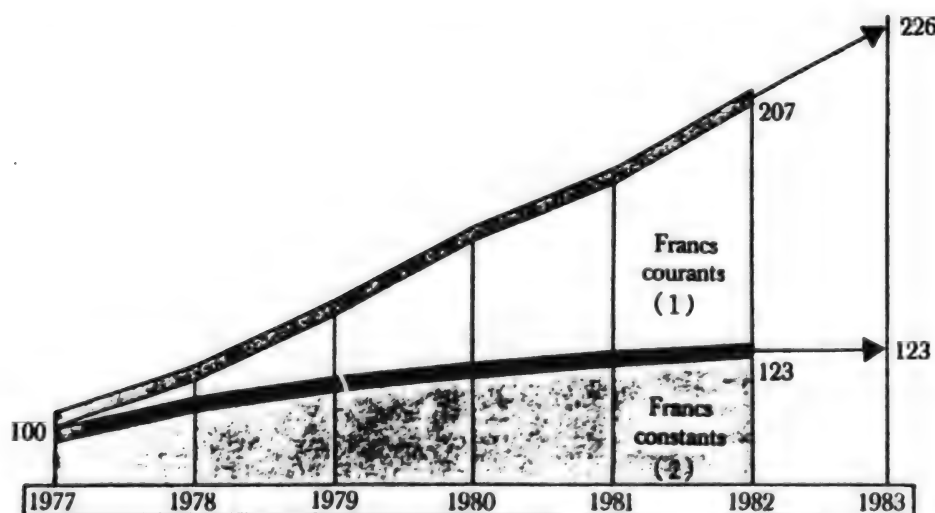
The Army's budget for 1983 comes to Fr 35.806 billion in payment credits and Fr 21.025 billion in program authorizations.

# General Breakdown

	Total (in billions of francs)	Increase over 1982
Title III - Operating expenses		
Payment credits	21.031	+ 9.95%
Title V - Equipment expenditures		
Payment credits	14.775	+ 7.7%
Program Authorizations	21.025	+ 7.9%

## Evolution of Payment Credits (Titles III and V) since 1977 (in millions of francs)

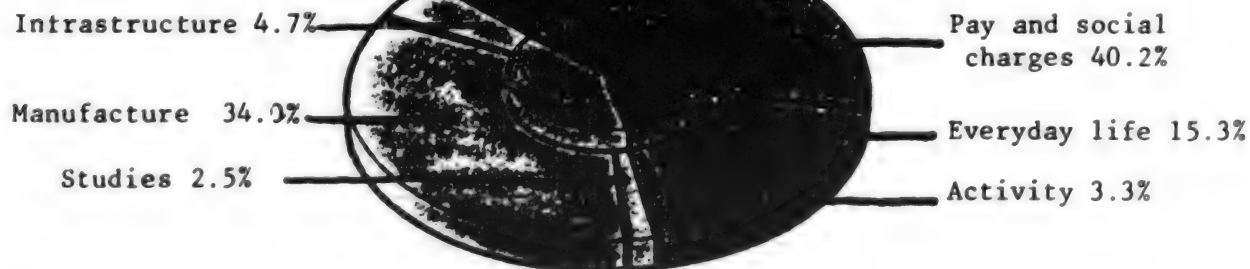
	1977	1978	1979	1980	1981	1982	1983
Army budget (initial credits)	15,863	18,625	21,317	24,378	28,359	32,846	35,806
Army budget (in constant 1977 francs)	15,863	16,963	17,585	18,068	18,852	19,478	19,498



Key:

1. Current francs
2. Constant francs

## Use of Credits



Key:

1. Title III
2. Title V

### Operating Expenditures (Title III)

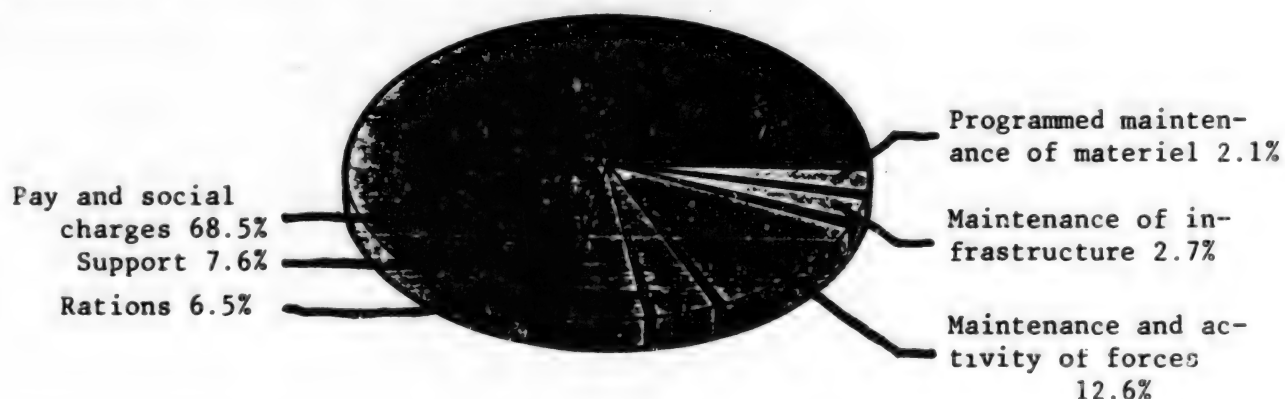
The Army is accentuating its effort in favor of the conventional forces, and priority is assigned to activity and training:

--50 days of sorties with materiel, instead of 47;

--a firing-practice effort (ammunition credits increased by 16.6 percent).

Security of installations and materiel also becomes a major objective.

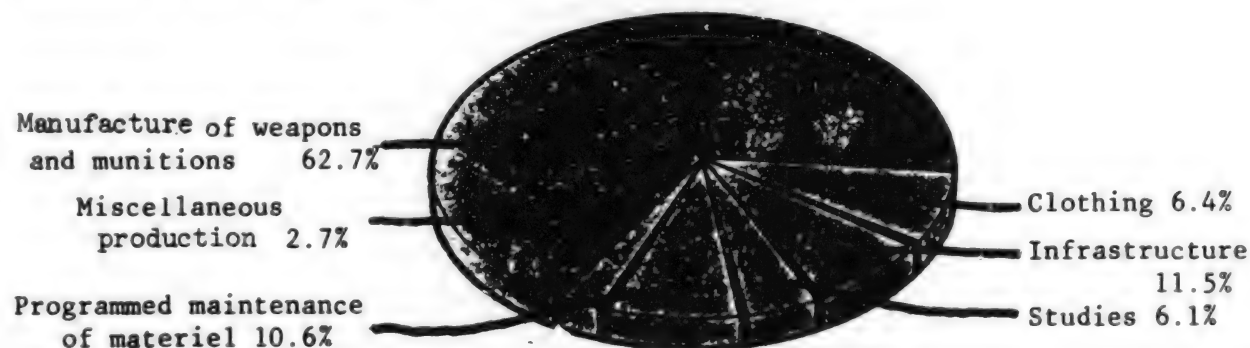
#### Breakdown of Title III Payment Credits



### Equipment Expenditures (Title V)

The 1983 budget makes it possible to continue execution of the 1977-1982 programming law for an additional year.

#### Breakdown of the Payment Credits of Title V



### The Air Force

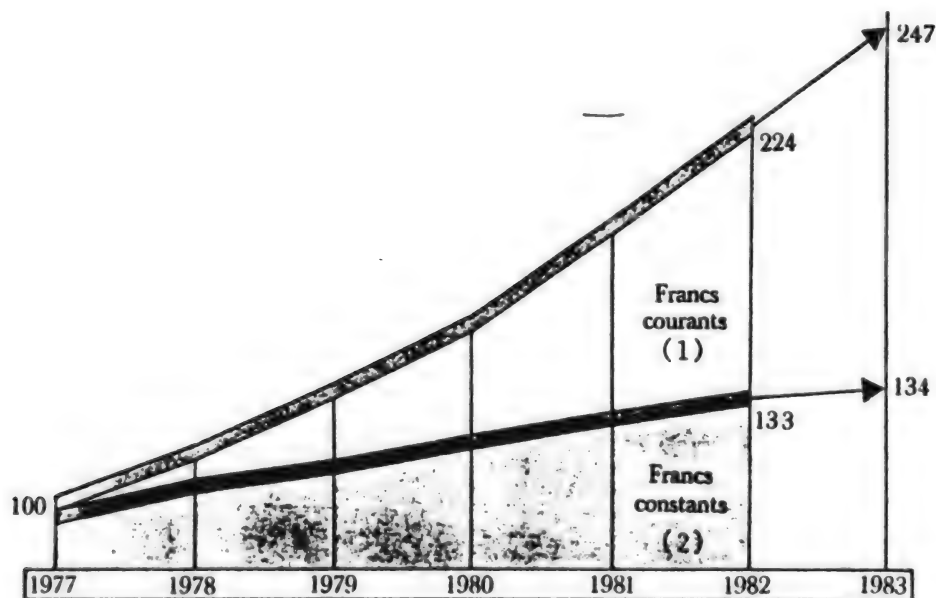
In 1983, the Air Force's budget comes to Fr 28.616 billion in credit payments and Fr 20.910 in program authorizations.

# General Breakdown

	Total (in billions of francs)	Increase over 1982
Title III - Operating expenses		
Payment credits	13.146	+ 9.52%
Title V - Equipment expenditures		
Payment credits	15.470	+ 10.91%
Program authorizations	20.910	+ 5.62%

## Evolution of Payment Credits (Titles III and V) since 1977 (in millions of francs)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Air Force budget (initial credits)	11,589.4	13,644.4	15,782.3	18,544.3	22,188.4	25,951.3	28,616
Air Force budget (in constant 1977 francs)	11,589	12,427	13,020	13,745	14,750	15,389	15,583

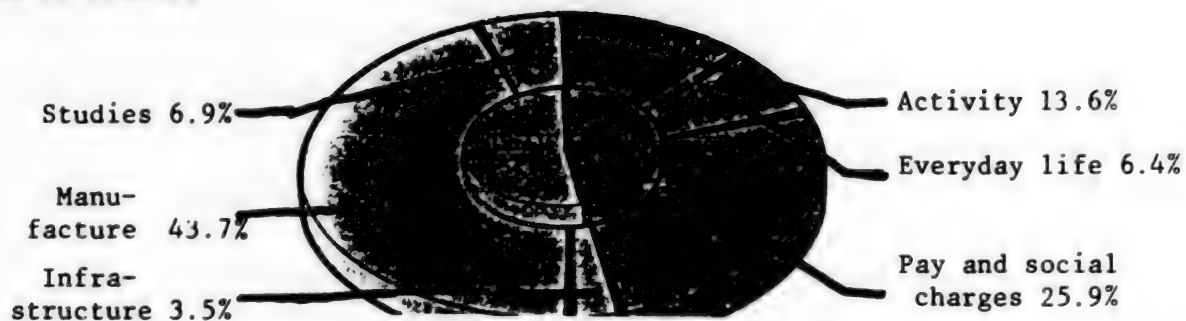


Key:

1. Current francs
2. Constant francs



## Use of Credits

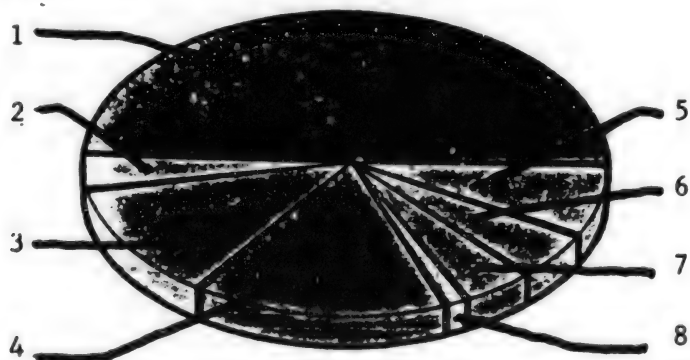


## Operating Expenses (Title III)

The amount under Title III responds to the following objectives:

- keeping the air activity of the combat units at a level comparable with that of 1982 (180 hours of flying time per year per combat pilot);
- ensuring programmed maintenance of the materiel at the desirable level;
- ensuring to the air bases the resources indispensable for meeting their operating expenditures.

## Breakdown of Payment Credits of Title III



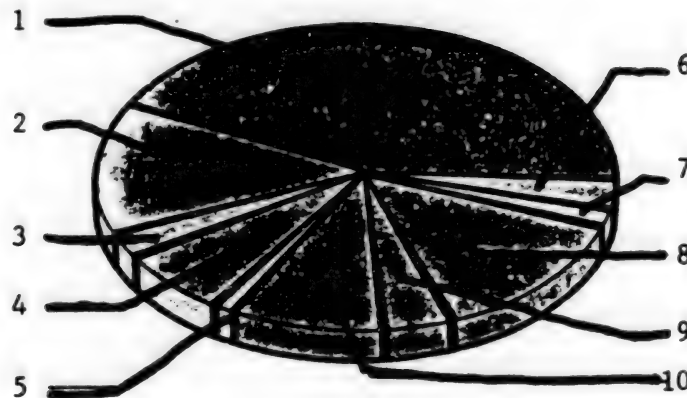
### Key:

- |   |  |
|---|--|
| 1. Pay, Fr 6,507.23 million - 49.5%                               | 5. Social charges, Fr 904.22 million - 6.9%      |
| 2. Rations, Fr 445.53 million - 3.4%                              | 6. Functioning of bases, Fr 784.1 million - 6.0% |
| 3. Programmed maintenance of materiel, Fr 1,439.8 million - 10.9% | 7. Support, Fr 642.9 million - 4.9%              |
| 4. Operational fuels, Fr 2,366.4 million - 18%                    | 8. Computer services, Fr 55.6 million - 0.4%     |

## Equipment Expenditures (Title V)

The 1983 budget makes it possible to continue with modernization of aircraft and protection of the air bases.

### Breakdown of Payment Credits of Title V



#### Key:

- |   |  |
|---|--|
| 1. Manufacture of air materiel, Fr 6,671 million - 43.1%        | 6. Electronics production, Fr 620 million - 4.0%                                     |
| 2. Programmed maintenance of materiel, Fr 1,791 million - 11.6% | 7. DTCA (Technical Directorate for Aeronautical Construction), Fr 242 million - 1.6% |
| 3. Commissariat materiel, Fr 320 million - 2.1%                 | 8. Studies, Fr 1,986 million - 12.8 percent  |
| 4. Munitions, Fr 1,174 million - 7.6%                           | 9. Infrastructure, Fr 752 million - 4.9%   |
| 5. Ground materiel, Fr 268 million - 1.7%                       | 10. FNS-ANT, Fr 1,646 million - 10.6%  |

The principal orders that the Air Force will place in 1983 will involve:

- 30 Mirage 2000's (15 in the air-defense version, 15 in the nuclear version);
- 30 Epsilon trainers;
- 35 antiaircraft-battery gun-carriages;
- 200 air-to-air missiles.

#### The Navy

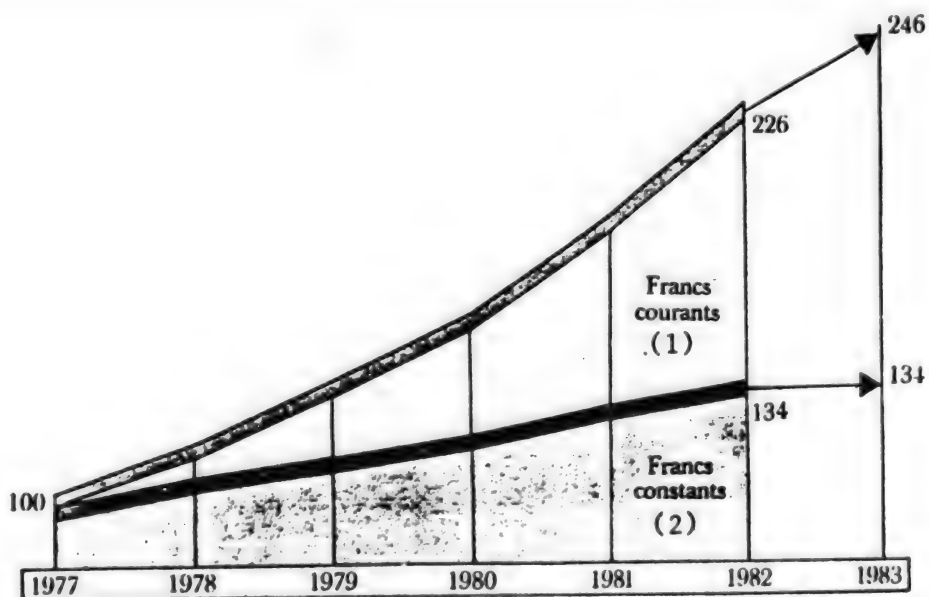
The Navy budget for 1983 come to Fr 23.879 billion in payment credits and Fr 14.822 in program authorizations.

#### General Breakdown

	Total (in billions of francs)	Increase over 1982
Title III - Operating expenses		
Payment credits	11.580	+ 10.7%
Title V - Equipment expenditures		
Payment credits	12.299	+ 7.1%
Program authorizations	14.822	+ 9.9%

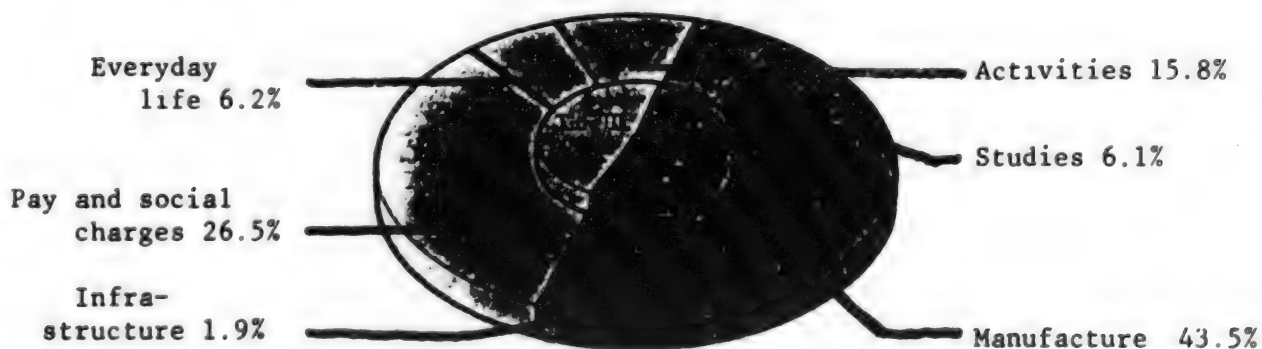
Evolution of payment credits (Titles III and V) since 1977 (in million of francs)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Navy budget (initial credits)	9,692.5	11,297.8	13,049	15,214.4	18,383	21,952	23,879
Navy budget (in constant 1977 francs)	9,692	10,289	10,765	11,277	12,220	13,018	13,003



Key:

1. Current francs      2. Constant francs



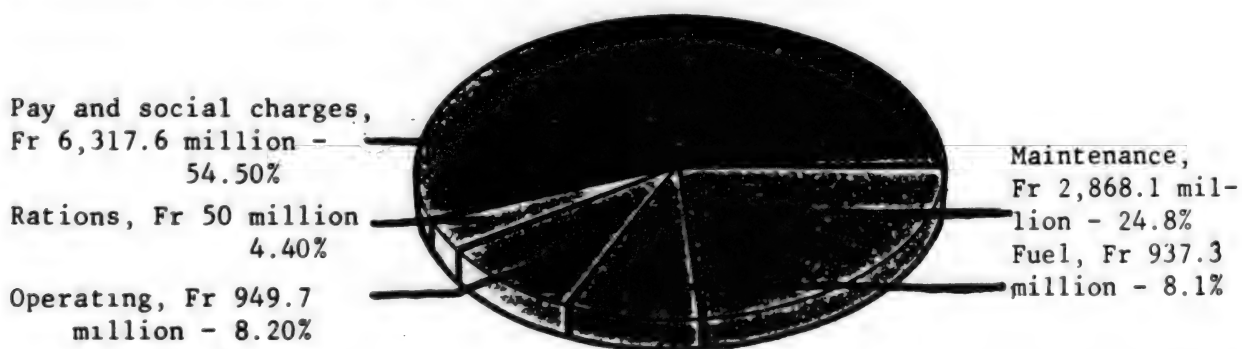
### The Operating Expenses (Title III)

They involve mainly:

- pay and social charges;
- fleet maintenance;
- activities at sea, which continue on the basis of 86 days per year, as an average for all vessels;
- naval air-force activity, which should reach nearly 98,000 hours of flying time.

Furthermore, the Navy will continue to carry out the public-service missions that are regularly requested of it.

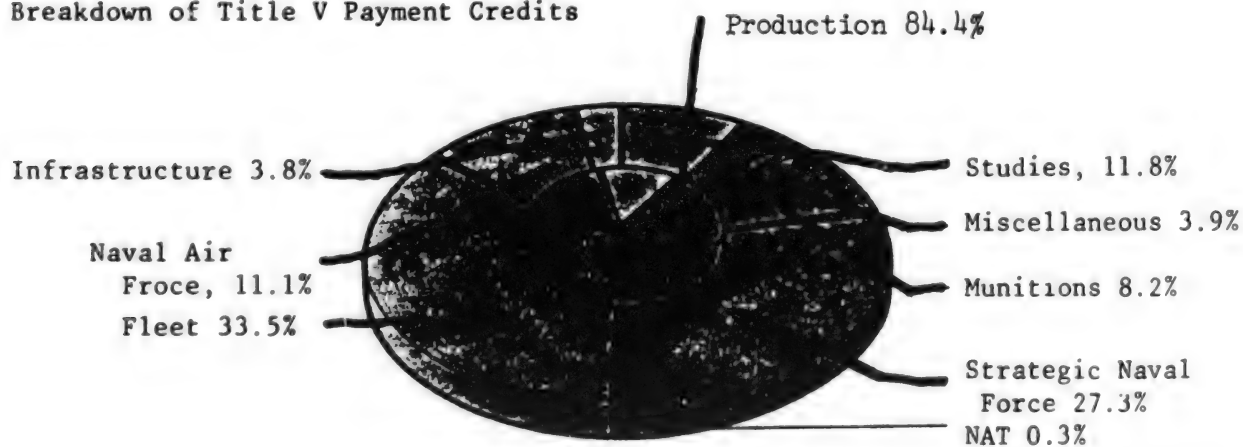
#### Breakdown of Title III Payment Credits



#### Equipment Expenditures (Title V)

Apart from the priority assigned to the FOST [Strategic Naval Force] with continuance of the construction of the sixth SNLE, emphasis is placed on the credits devoted to the modern combat vessels.

#### Breakdown of Title V Payment Credits



<u>Programs</u> <u>(delivery of major materiel)</u>	<u>Initial</u> <u>programming</u>	<u>Completions ex-</u> <u>pected in 1983</u>	<u>% of com-</u> <u>pletion rate</u>
ASM [antisubmarine] corvette	4	4	100
Nuclear attack submarine	1	1	100
Frigates	11	13	118
Antimine ships	3	2	67
Supply ships	1	3	300
Super-Etendards	80	71	89
WG-13 helicopter	40	37	93

Major Vessels under Construction or Undergoing  
Tests as of 1 October 1982

<u>Type</u>	<u>Expected</u> <u>entry into service</u>	
The "Inflexible" (SNLE)	1985	SNLE - Missile-Launching
5 SNA's	1983 - 1984 - 1987 - 1989 - 1990	Nuclear Submarine
2 AA corvettes	1988 - 1990	SNA - Nuclear Attack
5 C-70 ASM corvettes	1984 - 1986 - 1987 - 1989 - 1990	Submarine
3 A-69 frigates	1983 - 2 in 1984	AA - Antiaircraft
10 CMT's	1983 - 2 in 1984 - 2 in 1985 - 1986 - 1987 - 2 in 1988 - 1989	ASM - Antisubmarine
4 patrol boats	3 in 1984 - 1985	CMT - Tripartite mine-
2 light transport ships	1983 - 1984	hunter
		BATP - Transport ship

The Gendarmerie's budget for 1983 comes to Fr 12.535 billion in payment credits and Fr 1.245 billion in program authorizations.

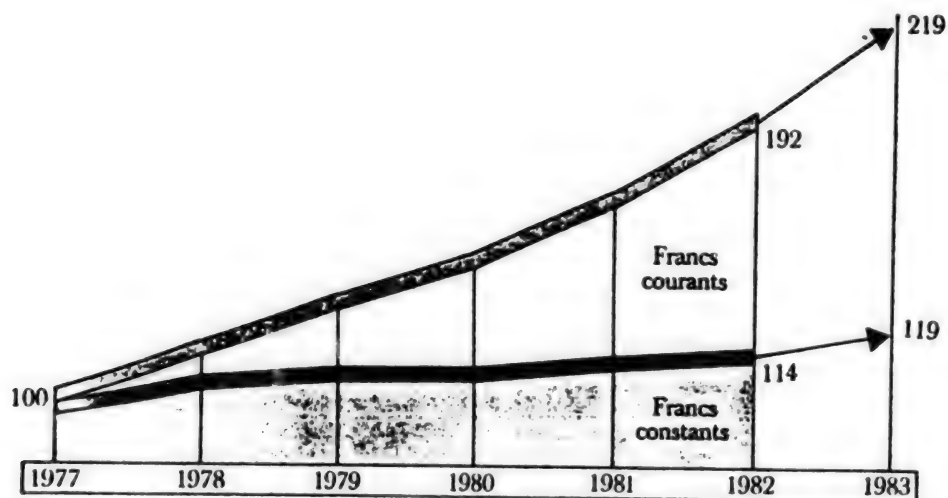
General Breakdown

	<u>Total (in</u> <u>billions of francs)</u>	<u>Increase</u> <u>over 1982</u>
Title III - Operating expenses		
Payment credits	11,415	+ 14.86%
Title V - Equipment expenditures		
Payment credits	1.120	+ 6.7%
Program authorizations	1.245	+ 8.3%

Evolution of Payment Credits (Titles III and V) since 1977 (millions of francs)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Gendarmerie budget							
(initial credits)	5,715.4	6,620.7	7,498	8,293	9,501	10,992.9	12,535.5
Gendarmerie budget	5,715	6,030	6,185	6,147	6,316	6,519	6,826
(in 1977 constant francs)							





Key:

1. Current francs

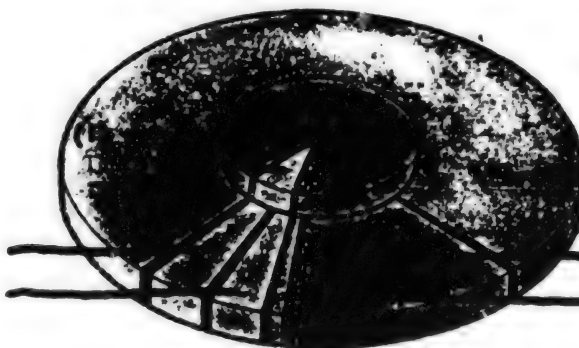
2. Constant francs

(1) Title V: 8.9%

(2) Title III: 91.1%

Infrastructure 4.6%

Manufacture 4.3%



Pay and social  
charges 76.2%

Everyday life  
13.2%

Fuels 1.7%

#### Operating Expenses (Title III)

The adaptation of the Gendarmerie's means and missions--in particular, its increased role in the fight against terrorism--essentially takes the form of the creation of:

--1,018 new regular-service jobs;

--3,268 positions for draftees, including 30 for women volunteers.

Pay and social  
charges,  
Fr 9,551.98 mil-  
lion - 83.68%



Day-to-day operating  
expenses, Fr 1,863.6  
million - 16.32%

## Equipment Expenditures (Title V)

The funds under Title V will make possible:

- replacement of the first AMX-13's with VBC 90's;
- continuance of the program to replace Alouette II's with Ecureuils;
- development of the Saphir remote-computer network;
- equipping the brigades with Renault "Trafic" microbuses.

## Economic Data on the Military Expenditures

### Presentation

The defense expenditures to which a country commits itself are intended first of all for ensuring security. They also make an important contribution to national economic activity, permitting the distribution of income and creation of jobs.

The equipment expenditures are spread throughout all the branches of the national economy (Table 1); as regards employment, their effects are added to the operating expenditures that go to pay the personnel in defense (Table 2), by making it possible to create jobs in the weapons industry (Table 3), but also in very diverse sectors of economic activity (Table 4).

In toto, defense provides a living today for more than 1.1 million French workers (Table 4).

### 1. Defense in the French Economy - Year 1981

#### Principal Branches Involved in the Goods and Services Operations (1981 Budget as executed)

<u>Branches</u>	<u>Total, including all taxes (billions[*] of francs)</u>	<u>% of Defense purchases in total purchases</u>
Aeronautical construction	15,598	24.82
Commercial services and research	9,802	15.25
Naval construction	7,179	11.16
Armament materiel	6,778	8.98
Energy, petroleum products	5,711	8.88
Construction, civil engineering	4,039	6.28
Professional electronic materiel	3,332	5.18
Transport	2,760	4.29
Agriculture, agrofood sector	2,331	3.62
Automotive construction	1,750	2.72
Other expenses	5,641	8.77
Total	64,281	100.0

[\*] As published

Among defense purchases, the most significant categories are aeronautical construction, naval construction and weaponry, which represent 45 percent of the ministry's purchases.

The evolution of the breakdown of purchases is characterized mainly by a sustained growth of expenditures in the industrial sector.

N.B.--The expenditures represent the Defense-budget purchases in the productive sphere of the economy (including commercial accounts).

## 2. Personnel Paid from the Ministry of Defense Credits

Military personnel: regular service, 316,277  
578,320 draftees, 262,043

Civilian personnel: white-collar workers, 46,661  
145,074 other workers, 98,413

The remuneration of the personnel paid from the Defense-budget credits breaks down among the various categories as follows\*:

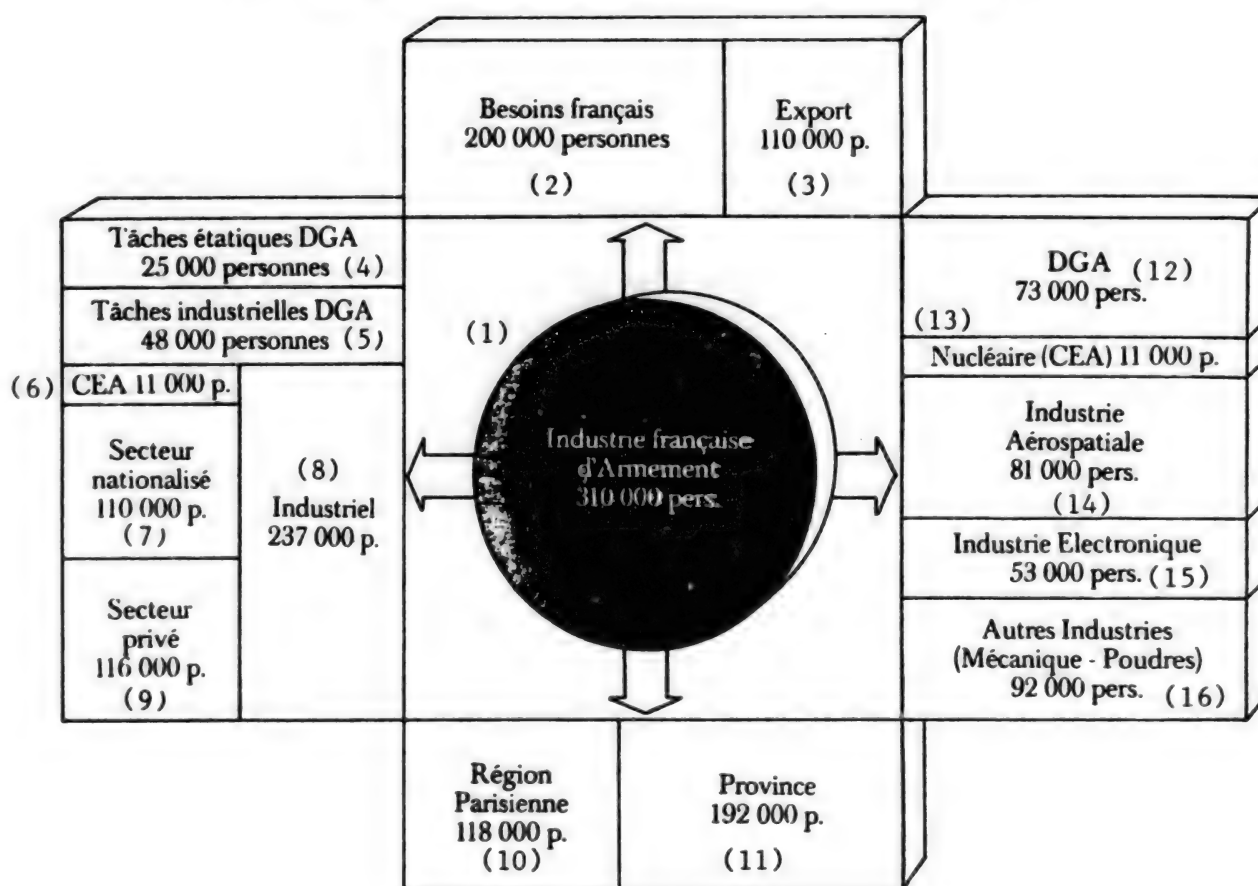
Categories	1982		1983	
	millions of francs	%	millions of francs	%
Civilian personnel	7,045.5	17.75	7,839.4	18.28
Military personnel	31,089.7	78.31	33,421.5	77.94
Draftee military personnel	<u>1,564.3</u>	<u>3.94</u>	<u>1,618.1</u>	<u>3.78</u>
Total	39,699.5	100.0	42,879.0	100.0
As a memorandum: civilian and military pensions + CNET [expansion unknown]	21,536.8		25,643.2	

---

\* The remuneration of the commercial-account personnel and the personnel coming under the appended fuels budget is not included in the totals in the table above.

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### 3. The Personnel of the Armament Industry in 1981



**Key:**

- |   |   |
|---|---|
| 1. French armament industry: 310,000 persons                          | 10. Paris region: 118,000 persons                             |
| 2. French needs: 200,000 persons                                      | 11. Provinces: 192,000 persons                                |
| 3. Export: 110,000 persons  | 12. DGA: 73,000 persons                                       |
| 4. DGA [General Directorate for Armament] state tasks: 25,000 persons | 13. Nuclear (CEA): 11,000 persons                             |
| 5. DGA industrial tasks: 48,000 persons                               | 14. Aerospace industry: 81,000 persons                        |
| 6. CEA [Atomic Energy Commission]: 11,000 persons                     | 15. Electronics industry: 53,000 persons                      |
| 7. Nationalized sector: 110,000 persons                               | 16. Other industries (Mechanical, Explosives): 92,000 persons |
| 8. Industrial: 237,000 persons  |   |
| 9. Private sector: 116,000 persons                                    |   |

(1)	Population active résidente	23 260 000 pers.
(2)	Effectifs Industries (Hors énergie, BTP, agroalimentaire)	4 560 000 pers.
(3)	Effectif Arm'/Pop. Active	1,3 %
(4)	Effectif Arm'/Effectif Ind.	6,8 %

Key:

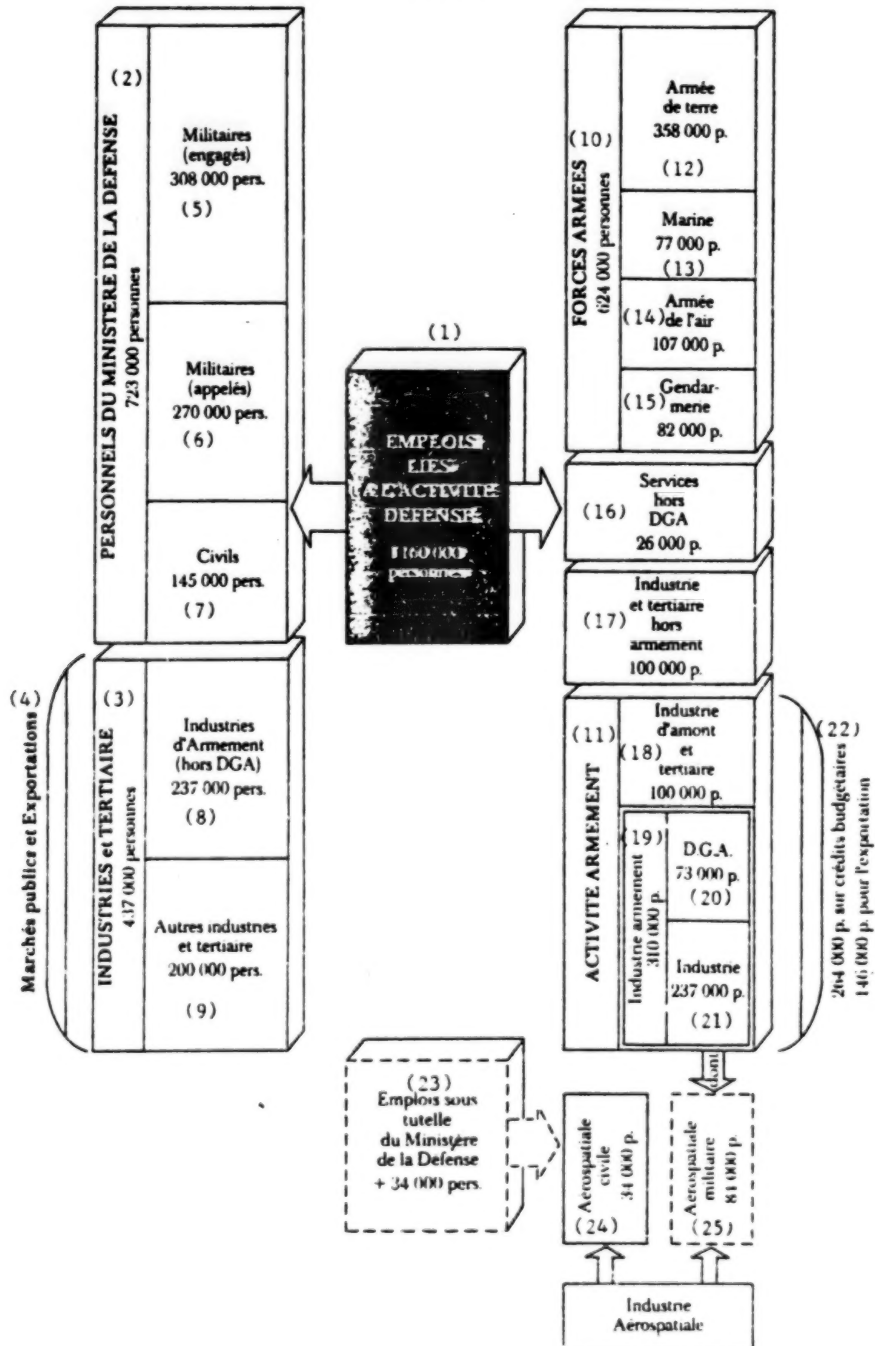
- |   |   |
|---|---|
| 1. Resident working population  | 3. Percentage of armament personnel in working population   |
| 2. Personnel in industries (not including energy, construction and public works, agrofood sector) | 4. Percentage of armament personnel in industrial personnel |
-



#### 4. Jobs Connected with Defense Activity in 1981

4

#### EMPLOIS LIES A L'ACTIVITE DEFENSE EN 1981



[Key on following page]

Key:

- |   |  |
|---|--|
| 1. Jobs Connected with Defense Activity: 1,160,000 persons  | 13. Navy: 77,000 persons   |
| 2. Ministry of Defense personnel: 723,000 persons           | 14. Air Force: 107,000 persons   |
| 3. Industries and tertiary sector: 437,000 persons          | 15. Gendarmerie: 82,000 persons  |
| 4. Public contracts and exports                             | 16. Services not including DGA: 26,000 persons                         |
| 5. Military personnel (enlisted); 308,000 persons           | 17. Industry and tertiary sector apart from armament: 100,000 persons  |
| 6. Military personnel (draftees): 270,000 persons           | 18. Upstream and tertiary industry: 100,000 persons                    |
| 7. Civilian personnel: 145,000                              | 19. Armament industry: 310,000 persons                                 |
| 8. Armament industries (not including DGA): 237,000 persons | 20. DGA: 73,000 persons  |
| 9. Other industries and tertiary sector: 200,000 persons    | 21. Industry: 237,000 persons  |
| 10. Armed forces: 624,000 persons                           | 22. 264,000 persons on budget credits; 146,000 persons for exportation |
| 11. Armament Activity                                       | 23. Jobs under oversight of Ministry of Defense: +34,000 persons       |
| 12. Army: 358,000 persons                                   | 24. Civilian aerospace: 34,000 persons                                 |
|   | 25. Military aerospace: 84,000 persons                                 |
|   | 26. Aerospace Industry   |

FOOTNOTES

1. On the basis of integrating the orders for "nuclear" Mirages 2000's with the nuclear expenditures.
2. The Mirage IV's of the Strategic Nuclear Forces, for their part, will begin to be equipped with the ASMP [Medium-Range Air-to-Ground Missile] in 1985.

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**DATE FILMED**

August 12, 1983